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BRAZIL
Clouds gather over Death Valley
Page 12

World News

US set to lift South Africa sanctions as IOC ban ends

The US is expected to lift economic sanctions against South Africa, possibly as early as today, following the return of South African sport to the world arena. The International Olympic Committee (IOC) granted full recognition to the country's national Olympic entity after a break of 21 years. Page 16

EC farm budget plan
The total EC farm budget would rise to Ecu38.8bn ($45bn) by 1997 – 10 per cent more than next year's estimated spending – under a European Commission plan to compensate farmers for price support cuts. Page 27

Bush health bulletin
President George Bush's doctors said his overactive thyroid has been destroyed to the point that he must take a pill to mimic the effect of the gland for the rest of his life. But the president was in excellent health generally.

Hurd visits townships
British Foreign Secretary Douglas Hurd visited black townships in South Africa's Natal province. Earlier, gunmen killed two children, aged six and four, during a bible class in the province. Hurd meets Buthelezi, Page 4

Soviet fleet in trouble
The Soviet merchant shipping fleet is on the brink of collapse due to lack of government help, Viktor Pilipenko, head of the Association of Soviet Shipowners, claimed. Page 2

Ex-CIA man guilty
Ex-CIA official Alan Fiers pleaded guilty in Washington to withholding information from congressional intelligence committees in 1986 about the Iran-Contra scandal that rocked the presidency of Ronald Reagan. Page 3

Kuwaitis accuse Emir
The Emir of Kuwait opened the first post-war session of the country's National Council against a background of opposition allegations that his ruling family were trying to perpetuate a sham democracy. Picture, page 4

Red Brigades plea
Renato Curcio, 49, mastermind of Italy's Red Brigades urban guerrilla group, asked the Cagliari appeals court for early release from his 50-year jail sentence. He has already served 15 years.

Tamil hideout found
Indian investigators hunting a one-eyed Tamil they believe masterminded Rajiv Gandhi's assassination said they had found the suspect's hideout – along with a glass eye.

UN check on drugs pact
The United Nations has agreed to supervise implementation of the bilateral anti-drugs accord between the US and Peru. Page 3

Czech clean-up
The Czechoslovak parliament enacted a law to clean up the air in one of Europe's most polluted countries and impose heavy penalties on offenders.

Murder at Sind college
Gunmen shot dead a Pakistani college administrator in his office in the volatile southern province of Sind, as he spoke by telephone to his son.

Miles Davis honoured
American trumpeter Miles Davis, 66, one of the most significant figures in post-war jazz, has been made a Knight of the French Legion of Honour.

Oldest zoo to close
London Zoo, the world's oldest, is likely to close next year because of a financial crisis. Its closure would leave London as the only European capital without a zoo. Page 8

Business Summary

GTE to build $20m telecom network for Moscow

Moscow's business community is to have a modern telecommunications system in place by November as the result of a joint venture with GTE, the US lighting and telecommunications group.

The venture, expected to cost $20m, will make communications between Moscow and the rest of the world much faster, by bypassing the Soviet Union's antiquated telephone system. Page 16

SABENA, Belgium's troubled national airline, posted a 1990 group loss of $189m compared with a deficit of $63m in 1989. It incurred an operating loss of $57m for the first four months of 1991. Page 18

GROUPE BULL, the French state-controlled computer maker, confirmed its politically sensitive accord with NEC, the Japanese electronics group. Page 17

SAFEWAY, the US food retailer which was taken private via a $4.2bn leveraged buy-out in 1986, reported second-quarter profits of $35.6m after tax, compared with $23.6m in the same period a year earlier. Page 20

PACIFIC Construction, one of Taiwan's largest developers and homebuilders, acquired a 34.5 per cent stake, worth $20.7m, in International Tak Cheung Holdings, the Hong Kong construction company. Page 22

HILTON Hotels, the California-based hotels and gaming group, announced a 38 per cent fall to $23.6m in after-tax profits in the three months to end-June. Page 20

JAL: Nearly 1,400 pilots and flight attendants of Japan Airlines (JAL) went on strike on to protest at the carrier's plans to hire more foreigners and reduce the number of pilots in a new airliner.

TATE & LYLE, the UK sweetener group, has gained acceptances for 92 per cent of Bundaberg Sugar, the Queensland sugar miller, and is in a position to acquire compulsorily the remaining shares. Page 22

CITICORP, the largest US bank, is considering reducing its worldwide workforce by up to 10 per cent, or some 10,000 people, over the next 18 months as part of a cost-cutting programme which has already eliminated 7,000 jobs. Page 17

J SAINSBURY, the UK supermarket group, is in heated negotiations with employees at Shaw's Supermarkets, its US subsidiary, as the two sides battle to agree a new three-year labour contract. Page 25

JAPANESE companies are dumping flat panel display screens used in laptop computers and other equipment on the US market at less than fair value, the Commerce Department has ruled. If the independent International Trade Commission decides the Japanese actions harm American manufacturers, the department will begin collecting anti-dumping duties on the imports to make their prices competitive with US products.

GREEK government appointed advisers for the privatisation of Heracles, the country's leading cement producer and one of its biggest industrial companies. Page 17

LANCER BOSS Group, the UK's largest independent lift truck maker, is to expand its European manufacturing base with a 60 per cent stake in Hyco of Italy. Page 26

UK Producer prices: Prices at the factory gate rose by 5.7 per cent last month, the lowest annual rate of increase for more than a year, the Central Statistical Office (CSO) announced. Lex, Page 16

Japan's list of scandals draws in fresh faces

By Robert Thomson in Tokyo

JAPAN'S list of financial scandals lengthened yesterday to draw in a leading industrialist known for his philanthropy, and the chairman of the country's biggest stockbroking house.

Mr Tadao Yoshida, the president of YKK, the world's largest maker of zip fasteners, was identified as having failed to declare Y15bn ($107m) in taxable income.

Meanwhile Mr Setsuya Tabuchi, the Nomura Securities chairman, was linked to a lawyer arrested for allegedly receiving money from both his client and its rival.

The news of Mr Yoshida's tax problems came as a shock to corporate Japan – he is one of the country's leading industrialists, a highly regarded philanthropist, and has published four volumes of collected thoughts on "perpetual prosperity" and "moral goodness".

YKK, which has extensive interests in India, Indonesia and New Zealand, makes about 54 per cent of the world's zip fasteners and has a large division producing aluminium building materials.

Tax authorities argue that Mr Yoshida's reporting of an investment of 70,000 shares in the privately-held YKK into a related asset management company, Yoshida Kosan, undervalued the shares by about Y15bn last year. Mr Yoshida paid Y2.36bn in tax for the year, the third largest figure in the country, but tax authorities are expected to impose an additional Y3.3bn in taxes.

A YKK official said it was difficult to calculate the true worth of the company's shares because it was unlisted. He said that the unfortunate public identification of Mr Yoshida followed a "difference of views" with taxation investigators, though that difference had been settled.

There is no suggestion that Mr Setsuya Tabuchi was involved in any crime, but it was embarrassing for both Mr Tabuchi and Nomura that he was identified as having written a letter of introduction for Mr Hirotomo Takei, recently indicted for tax evasion, to Mr Toshimori Namiki, the lawyer arrested yesterday.

Mr Namiki is alleged to have received Y91.2m from Mr Takei while negotiating against him on behalf of his client, a trading company called Kasho, in which Mr Takei had cornered shares. Mr Namiki ultimately worked out a buy-back plan for the shares, and said that he accepted money from Mr Takei in expectation of being hired by him as an adviser.

Mr Tabuchi is not related to Mr Yoshihisa Tabuchi, who has just resigned as president of Nomura, a company at the centre of a scandal over the compensation of favoured clients for trading losses and for loans to gangsters. Nomura, Daiwa, Nikko, and Yamaichi, the Big Four stockbroking houses, yesterday estimated that their compensation of clients totalled Y124.5bn.

Nomura and Nikko said yesterday that one board member from each company would be dismissed to take responsibility for the loans.

Fallen heroes, Page 16

Secret talks over Yugoslav borders to be restarted

By Judy Dempsey in Zagreb, Croatia

CROATIA and Serbia have been holding secret talks on redrawing Yugoslavia's internal borders.

The talks, which began last May, broke off when the recent crisis erupted and are due to resume between the two republics' presidents next month.

Mr Zarko Domljan, president of the Sabor, Croatia's parliament, said two meetings had already been held between Mr Franjo Tudjman, Croatian president, and Mr Slobodan Milosevic, president of Serbia.

Any redrawing of Yugoslavia's internal borders, which were forged by the late President Tito after the second world war, would have enormous repercussions for other republics and neighbouring countries. The negotiations have considered how Serb-inhabited regions of Croatia could be incorporated into Serbia, and Croat-inhabited regions of western Bosnia-Hercegovina could be integrated into Croatia.

"Any redrawing of borders should be carried out with mutual agreement [between Serbia and Croatia], but without force", explained Mr Domljan. He said "the agreement would allow Croats to form their own state, and Serbs to form their own state".

News of the talks emerged amid fresh reports of skirmishes in Croatia between ethnic Serbs and Croats. Mr Zlatko Kramaric, mayor of Osijek, said troops fired on a Croatian police car in the nearby town of Ilok, killing a policeman and injuring two others. Zagreb radio said an anti-tank missile hit the

The Serbo-Croat talks, suspended when the federal army intervened in Slovenia after the republic's declaration of independence on June 25, would probably continue next month, said Mr Domljan.

A group of experts from both sides has been set up to consider how the internal borders could be redrawn.

Mr Domljan admitted that the plan carried enormous risks, particularly for the 2.5m Moslems which make up 47 per cent of the population in the republic of Bosnia-Hercegovina. The rest of the republic is divided between Croats (18 per cent), Serbs (33 per cent) and smaller ethnic groups. Mr Domljan said the Moslems' rights would be respected. "Perhaps they could have their own autonomous state."

However, Moslem leaders in Bosnia-Hercegovina have recently said they would resist any carve-up of their republic, which they see as guaranteeing their security and status.

The idea of forging an agreement between Serbs and Croats, bitter enemies since their battle over the distribution of power in 1918, is likely to shape political discussions over the next few weeks.

Mr Tudjman said on Croatian television earlier this week that "if the demand [by Serbia] that 'all Serbs live in one state', be true, then nobody can deny that same right to Croats. All this points to the necessity for reaching a rational resolution to these issues of intra-national Croatia-Serbian relations".

He explained how Serb-Croat relations "are complicated greatly by the problem of intra-national relationships between Moslem, Serbs and Croats in Bosnia-Hercegovina, and their relations towards Serbia and Croatia".

Precisely because of this, Mr Tudjman suggested that the deeply complex nature of Serb-Croat relations made it "imperative to sit down and talk openly about all issues, instead of engaging in mutual recrimination ... to avert bloodshed and the cataclysm of war."

If necessary, he said the talks could be conducted "with the assistance of international arbitrators."

Changes to the borders within Yugoslavia could have a significant impact on the internal situation and beyond the country's borders. It remains unclear how the federal army leadership, split between those who favour a greater Serbia, and those who are determined to defend the country's external borders, would react.

It is similarly difficult to predict the likely response of Greece and Bulgaria, both of which have claims on the republic of Macedonia.

Credit ban lifted, Page 2

UK plans to cut army manpower 20% over three years

By David White, Defence Correspondent, in London

FRESH DIFFICULTIES loom within the UK government over defence spending in the midst of growing criticism that planned cuts in the army are too deep.

As the government published its delayed defence policy document yesterday, senior officials indicated the Ministry of Defence would be seeking increases in the budget provisions agreed with the Treasury for the next two years.

This would reduce still further the prospect of an early "peace dividend" from changes in eastern Europe, despite the manpower cuts of about 20 per cent planned over the next three years. The cuts include reducing the UK army in Germany by 58 per cent to 23,000.

Mr Tom King, defence secretary, presented the plan as a stable framework for British defence following what he called the "quantum change" in Europe. However, it is clear that further cuts may be necessary if the financial squeeze is not resolved.

Mr King refused to comment on the controversy about cuts in infantry battalions and armoured regiments, saying he had not yet received proposals drawn up by the Army Board. But he stood by plans to reduce the army by 40,000 to 116,000. "We've determined the manpower figures," he said.

Current budget plans envisage a reduction in spending of 6 per cent in real terms between now and 1994, following a 10 per cent reduction over the last five years.

These figures leave aside the estimated £2.5bn cost of the Gulf war, which has raised the current financial year's estimate to a record £24.03bn ($39.3bn), but which is due to be mostly offset by contributions from other governments.

However, the policy document said cash plans for the next two years, currently set at £23.35bn and £23.39bn, would be reviewed this autumn.

Mr King sought to counter recent complaints from the defence industry by promising close contacts with contractors to "keep them in the picture" and enable them to take their own decisions.

Spending on equipment would remain roughly level in real terms but there would be "some impact" on suppliers. "It will now be possible to give much more information to defence contractors," he said.

Conservative anxiety about the extent of armed forces cuts were reflected yesterday when Mr George Younger, Mr King's predecessor as defence secretary, warned that the army would be incapable of meeting all its commitments with only 36 infantry battalions instead of the current 55.

The plan also came under sharp criticism from opposition parties. Mr Martin O'Neill, Labour's defence spokesman, said the UK needed to re-examine its defence responsibilities rather than try to "take a sliver off skin off the whole body." He called for "lateral, imaginative thinking" on European defence.

Mr Menzies Campbell, Liberal Democrat defence spokesman, said the document "contains none of the difficult decisions and avoids the controversial ones.

Background, Page 8
Editorial comment, Page 14

Tom King: "Quantum change" in Europe forced cuts

Criticism grows in Britain over closure of BCCI

By David Lascelles and Our Financial Staff in London

CRITICISM of the closure of Bank of Credit and Commerce International mounted yesterday as the Bank of England tried to persuade Abu Dhabi to compensate the thousands who had lost money and jobs.

Britain's central bank said it had had "constructive discussions in a co-operative atmosphere" with representatives of Abu Dhabi, which owns 77 per cent of BCCI. "We are in a continuing dialogue", said a spokesman.

But the Bank of England refused to give details of the talks, which represent practically its only hope of salvaging something from the closure of BCCI following allegations of widespread fraud last Friday. Many other countries, acting in concert with UK authorities, have also closed BCCI operations.

The talks are expected to continue today with Mr Robin Leigh-Pemberton, governor of the Bank of England, after he returns from a trip abroad.

The Abu Dhabi delegation includes Mr Abdul-Malik al-Hamar, governor of the United Arab Emirates central bank and Mr Ghanem al-Mazrui, secretary-general of the Abu Dhabi Investment Authority and head of the Private Department of Sheikh Zayed bin Sultan al-Nahyan, the ruler of Abu Dhabi.

The talks took place as the High Court brought forward to July 22 the hearing of the Bank of England's petition for the compulsory winding-up of BCCI. The hearing had been fixed for October 9 but the court was told an earlier date was needed for the sake of the company's depositors and employees.

Payments to depositors
Continued on Page 16

The ripples spread, Page 6

CONTENTS

Indian party fatigue likely to protect Roa's minority

Although Indian prime minister PV Narasimha Roa heads a minority administration, opposition party fatigue at the election process and a lack of funds is likely to see peace breaking out in parliament
Page 4

MARKETS

STERLING
New York lunchtime:
$1.6245 (1.6345)
London:
$1.6225 (1.628)
DM2.95 (2.95)
FFr10.0025 (10.005)
SFr2.5525 (2.545)
Y225 (226)
£ Index 90 (90)

GOLD
New York: Comex Aug
$370.8) (372.1)
London:
$369.25 (370.6)

N SEA OIL (Argus)
Brent Aug
$19.2 (+0.75)

Chief price changes yesterday: Page 17

DOLLAR
New York lunchtime:
DM1.815 (1.8063)
FFr6.1555 (6.1325)
SFr1.5725 (1.558)
Y138.65 (136.6)
London:
DM1.8175 (1.8115)
FFr6.165 (6.145)
SFr1.5725 (1.5625)
Y138.6 (138.75)
$ Index 68.2 (68.2)
Tokyo close: Y138.6

US lunchtime rates
Fed Funds: 5⅞%
3-mo Treasury Bills: 5.73%
Long Bond: 95¾
yield: 8.51%

STOCK INDICES
FT-SE 100:
2,487.9 (+21.1)
FT Ordinary:
1905.4 (+14.1)
FT-A All-Share:
1,189.2(+0.7%)
New York:
DJ Ind. Av.
2,964.89 (+2.9)
S&P Comp
378.31 (+0.37)
Tokyo: Nikkei
22,606.96 (+432.79)

LONDON MONEY
3-month Interbank:
11$\frac{1}{16}$ (11$\frac{3}{32}$)
Life long gilt future:
Sep92⅛ (Sep91⅝)

EUROPEAN NEWS

Fears over efficiency and prices halt dairy link-up

Anti-trust watchdog blocks Swedish merger

By John Burton in Stockholm

SWEDEN'S anti-trust authorities yesterday succeeded for the first time in blocking a corporate merger, when a court ruled against an acquisition involving the country's biggest dairy.

The case concerned the purchase last year of a regional dairy company, Geflemejerier, by Arla, Sweden's biggest dairy which supplies milk to two-thirds of the country's 8.5m people.

The victory for the anti-trust watchdog comes less than a week after a parliamentary committee unveiled proposals to toughen the country's lax competition rules and make them conform to EC standards.

Although the office of the anti-trust ombudsman reviews some 60 mergers annually on monopoly grounds, the office has never succeeded before in persuading the Market Court, which is the final arbitrator on competition issues, to order the dissolution of a merger.

Although in this case Geflemejerier would add only 180,000 new customers to Arla, the market court ruled the merger would lead to lower efficiency and higher prices, and consequently would have harmful effects on a market of considerable importance to most consumers.

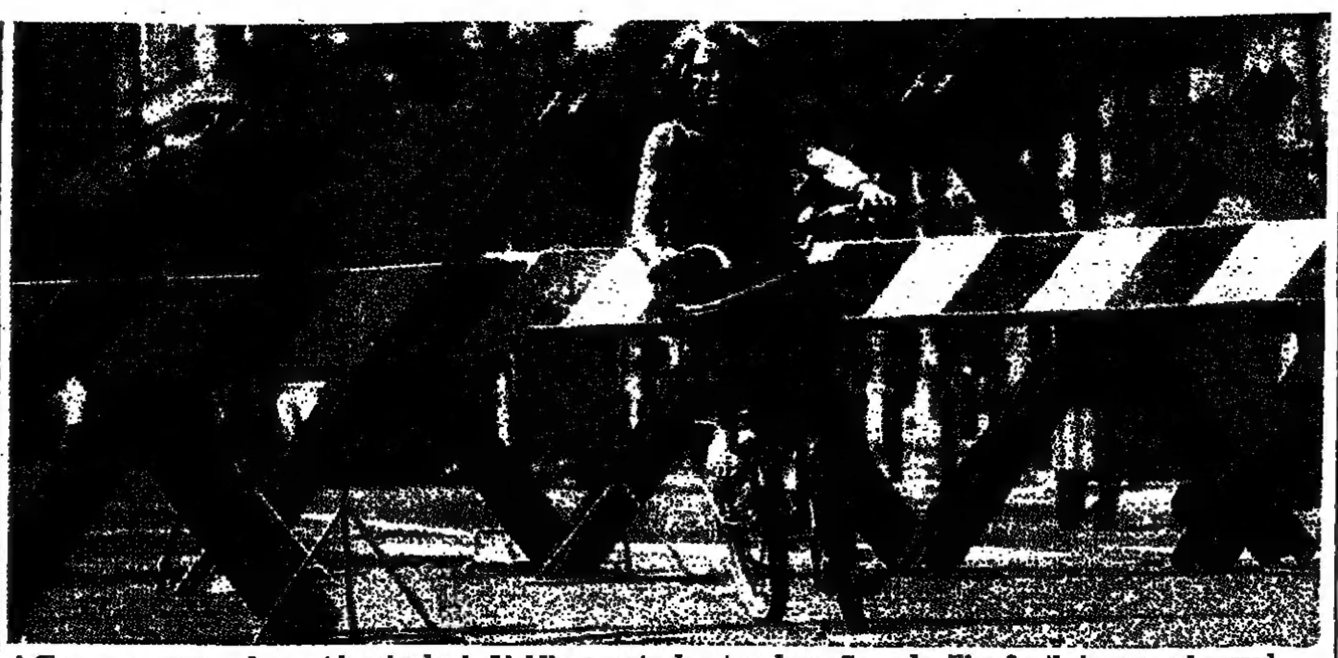
The anti-trust ombudsman proposes that Geflemejerier should join a new company, Milko, formed by other dairies in central Sweden. This would challenge Arla in the important Stockholm region.

Mr Ake Modig, Arla president, said the company might discuss the ruling with the government. He argued that the Swedish dairy industry was threatened by recent government moves to deregulate agriculture and cut subsidies and that Arla had to expand if the industry was to survive in the EC internal market.

The government has previously encouraged oligopolies and monopolies, arguing that they helped achieve economies of scale and consequently kept prices down in a small market like Sweden, while increasing the ability of Swedish companies to compete against foreign rivals.

But the parliamentary committee on competition proposed last week tougher monopoly rules, claiming that domestic prices would be 10 to 25 per cent lower as a result.

They said the anti-trust ombudsman and other authorities should be given greater powers to review and block mergers. Cartels to fix retail prices and the allocation of markets would also be banned.



A Slovene woman cycles past barricades in Ljubljana yesterday, two days after a deadline for their removal passed

Slovene credit suspension lifted

By Laura Silber in Belgrade and Judy Dempsey in Zagreb

YUGOSLAVIA'S national bank said yesterday it would lift its suspension of credits and other loans imposed on the rebel republic of Slovenia in accordance with the EC-brokered peace agreement reached at the weekend.

All credits were suspended on June 28 following Slovenia's declaration of independence. Mr Franco Arhar, chairman of Slovenia's national bank, last week accused the federal authorities of trying to "economically blackmail" the republic.

The move came as Slovenia's parliament prepared to debate the EC accord. The parliament, which meets today in Ljubljana, the capital of Slovenia, is expected to accept the accord, despite criticism earlier in the week that Mr Milan Kucan, the president, had sold out the republic's independence.

There appears to be growing public support for the agreement. "It gives us one foot in the door of Europe," a Slovene minister said yesterday.

The presidency of Slovenia earlier denied allegations from the state presidency in Belgrade that the republic was refusing to implement the accord.

It said territorial units were being withdrawn, although more slowly than expected, and despite continuing movements of federal troops on its territory.

In neighbouring Croatia, the temporary ceasefire imposed on the town of Tenje, south-east of Croatia, last Sunday following ethnic violence between Croats and Serbs, was still holding. But Mr Onestin Cvitan, Croatia's interior minister, accused federal troops of allowing "terrorist" Serbs to escape across the Danube into Serbia.

Mr Cvitan said 29 Croatian policemen and 13 civilians had been killed in clashes since last August.

● Nicholas Denton adds from Budapest: The Hungarian government has hinted heavily that a new territorial settlement in Yugoslavia would reopen the question of Vojvodina, the Serbian province across the southern border, where 500,000 Hungarians live.

International treaties define Hungary's southern border in relation to a unified Yugoslav state rather than with Serbia, the office of Mr Jozsef Antall, the prime minister, said. That, the statement continued, "means peace treaties do not take Vajdasag [Vojvodina] to be automatically part of Serbia".

Budapest's position, although framed with reassurances that no threat is intended, is likely to reinforce fears that a redrawing of borders could not be limited to Yugoslavia.

But an aide to the prime minister said yesterday the statement was a message to Serbia that creating a Greater Serbia would not be simple, and Vojvodina would not automatically be a component.

"Nobody thinks it would be very helpful for a Hungarian minority to be in a neo-communist and nationalist Serbia," he said.

Hungary lost both Vojvodina and Croatia in the Trianon Treaty following the First World War. As a wartime ally of Hitler's Germany, it temporarily reoccupied Vojvodina.

It enjoys close relations with Croatia ,to which it made covert arms deliveries last year.

Bonn to cut west German subsidies

By Andrew Fisher in Frankfurt

GERMANY'S coalition partners agreed yesterday to cut west German subsidies by about DM33bn (£11.2bn) over three years, to help pay for unification costs.

Subsidy cuts of DM9.75bn next year, DM11.7bn in 1993 and DM11.91bn in 1994 are large enough to prevent the threatened resignation of Mr Jürgen Mölleman, economics minister, who had said he would only stay in office if annual reductions of at least DM10bn a year were made.

Mr Mölleman, a member of the Free Democrats (FDP), the junior coalition party, has campaigned vigorously for lower subsidies and tax reliefs in the west to help pay for economic reconstruction in the east.

However, since subsidy decisions had mostly been agreed in outline, his threats to step down were not taken seriously by many politicians.

Yesterday's agreement, worked out in Bonn between Mr Theo Waigel, finance minister, Mr Mölleman, and Mr Wolfgang Schäuble, interior minister, came ahead of today's budget deliberations in the Bonn cabinet. However, since changes in tax credits will have a delayed effect, the impact on next year's expenditure will only be DM3bn; this will leave federal spending at DM419bn, against this year's DM410bn.

Agreement on cuts follows calls from bankers and industrialists for Bonn to run down subsidies to the west German economy. Subsidies to the coal, agricultural, shipbuilding and other sectors now total more than DM130bn a year.

The issue has also led to tensions in the coalition. Mr Otto Lambsdorff, FDP chairman, hit out at Bonn's high spending policies on Monday.

Total transfers from west to east Germany this year will exceed DM140bn. Yesterday, Mr Mölleman said the subsidy agreement "should be viewed as a signal for future efforts to maintain budgetary stability".

The areas affected by the subsidy cuts include life insurance policies (lower tax relief), shipping, coal, fuel (full tax for aircraft and motor boat use), agriculture (lower oil subsidy), and aerospace (cuts in exchange rate guarantees).

The cuts include Berlin, where subsidies to the city's western sector are being wound down.

EC ready to act on energy competition

By Deborah Hargreaves

THE EC Commission is expected to reveal by the end of the month proposals for injecting more competition into EC gas and electricity markets. It faces strong opposition from energy companies.

The key to liberalisation is third-party access, which would allow non-established and smaller energy companies – including consumers, brokers and local companies – to operate their own gas and electricity transmission services. Energy would then be transported across national grids for a fee paid to owners of pipelines and electricity networks.

More competition requires increased regulation, but the Commission is reluctant to make controls too onerous. It is expected to get around this by leaving to member countries the implementation at national level of liberalisation plans, leaving itself with the job of policing international disputes.

The gas companies argue that a truly competitive situation would endanger the EC's gas supply as prices in general would fall and there would be no incentive to invest in future supply. Conversely, they say domestic users could end up paying more for their gas as they would no longer have a powerful monopoly buying it for them.

The Commission will argue that competition would open up, not close, investment opportunities and that domestic consumers would retain their clout in the market as local distributors bid for supply on their behalf.

The Commission has still to decide whether to press proposals on member countries by using Article 90 of the Treaty of Rome, or to reach consensus by issuing a directive.

Meanwhile, Sir Leon Brittan's move in April to initiate legal proceedings against energy export and import monopolies in some countries has been held up by the Commission's need to agree on steps to take.

Letters concerning the monopolies will be sent to countries at the same time as the Commission energy proposals are issued.

Investment directive wrangle in Brussels

By David Buchan

THE European Commission and the new Dutch presidency of the EC Council of Ministers were yesterday pondering options on how to break the impasse over a proposed investment services directive (ISD).

EC finance ministers managed on Monday only marginally to narrow their differences on the ISD, which is designed to liberalise the trading of securities across EC borders.

Mr Wim Kok, the Dutch finance minister, hinted after Monday's meeting at the outside possibility that the ISD might have to be abandoned. A country holding the presidency can, at a pinch, keep a measure off the agenda for its six months in the Council chair, but only the Commission has the right to withdraw one of its draft directives altogether.

A Commission official said yesterday that the only alternative to a proper legislative framework for EC-wide securities trading would be "a series of messy cases in the European Court of Justice".

The main problem has been to concentrate finance ministers' minds, at their regular monthly meetings, long enough on the ISD to resolve the outstanding issues.

Monday's discussion narrowed the key areas of discord to:

● Transparency – the issue of how fully and quickly off-market transactions should be made public after they have taken place. France and several southern countries want full and quick disclosure, but Britain, Ireland and the Commission argue that the conditions under which securities are traded off-market are very variable, and that rapid disclosure could damage liquidity in a market which is footloose and could easily go outside the EC.

● Access for banks. This issue is less technical and a majority might be mustered for a position that will leave one or other of two opposed camps outvoted. Leading the two camps are Germany, which wants direct access for its banks to other countries' stock exchanges, and Spain, which resists this.

Community cautious on Yugoslav 'success'

By David Buchan in Brussels

THE NEW Dutch presidency of the EC Council of Ministers yesterday outlined ambitious goals for the Community over the next six months but was cautious about chalking up EC mediation in the Yugoslav crisis as its first success.

Mr Hans van den Broek, Dutch foreign minister, warned that the Brioni accords he helped negotiate over the weekend might not stick. In his opening presidential address to the European parliament he said Yugoslavia's "political leaders will undoubtedly find great emotion, and undoubtedly a great deal of resistance [to the accords], in their republics".

His caution was also shared by Mr Jacques Delors, Commission president, who told MEPs that while it was clear the Yugoslav federation in its present form was finished, "we must be careful not to whip up antagonisms" inside the country.

Mr van den Broek acknowledged that EC foreign ministers, meeting today in the Hague, will have to do better than they did at a similar meeting last Friday in agreeing an overall Community approach to Yugoslavia.

He refused to speculate on what stand the Twelve might take if the Yugoslav crisis worsened.

For a Community caught up in ever-grander schemes in the past few years, Mr van den Broek promised a return to basics.

"The Dutch presidency regards the internal market as its absolute priority... without it there would be no monetary union, and without monetary union there would be no political union," he said.

Extending his theme of economic integration to the outside world, Mr van den Broek said the Community needed to open itself more to imports from eastern Europe.

Soviet merchant fleet 'on brink of collapse'

THE Soviet merchant shipping fleet is on the brink of collapse due to lack of government help, a top shipping official said in an article published yesterday, Reuter reports from Moscow.

Mr Viktor Pilipenko, head of the Association of Soviet Shipowners, wrote in the conservative Sovietskaya Rossiya daily newspaper: "The country's merchant shipping fleet is on the verge of bankruptcy and complete collapse. This situation has been brought about by the lack of a rational government policy towards the merchant fleet."

Mr Pilipenko said the fleet's ships were being seized abroad for non-payment of loading bills.

The fleet is critically short of hard currency as Soviet companies have no money to pay their shipping bills and the state is now taking 40 per cent of all hard currency earnings to help pay off the national debt.

Falling crew morale and ageing ships exacerbated the problem, said Mr Pilipenko, who is also head of the Black Sea merchant shipping fleet.

"Unless urgent steps are immediately taken to stabilise the situation, it could get out of control with unpredictable results. That would make the losses suffered during the miners' strike look like peanuts in comparison."

The miners struck for nine weeks earlier in the year to demand better working conditions. The stoppage caused losses estimated at hundreds of millions of roubles.

Mr Pilipenko said the fleet should be taken out of state hands and foreign help should be enlisted to help replace the 750 ships, with a dead-weight of 6.8m tonnes, which have to be taken out of service over the next three to four years.

Surge in home working 'will underpin telecoms growth'

By Hugo Dixon

A MOVE to teleworking, or working from home with a telephone and computer, will accelerate the growth of telecommunications markets over the next 20 years, a Financial Times conference was told yesterday.

Markets will grow between 6 and 7 per cent a year in real terms over the next 20 years, up from 4 per cent over the past decade.

Mr Hugh Small, a director of Arthur D. Little, the management consultants, painted a rosy picture of future growth on the first day of the FT's Conference on Telecommunications and the European Business Market.

He said that by 2010 at least 20 per cent of non-manual workers would be working from home or near to it. In addition to boosting the telecommunications market, this would lead to enormous savings in transport costs.

Mr Small also predicted that mobile communications would grow strongly, with a quarter of the European population having their own cellular phones within 20 years.

A third factor fuelling market growth would be the introduction of more "intelligent" systems into the telecommunications network, allowing a range of advanced services.

The need to modernise telecommunications networks in east Europe was highlighted by Mr Charles Jonscher, of the Central Europe Trust, a consultancy group. He argued the price mechanism, the heart of western economies, relied on fast, accurate and abundant flow of information. Foreign investors would not be willing to commit large sums of capital to east Europe until telecommunications systems were well established.

One hundred million new telephone lines would be required to bring the penetration of telephones in east Europe to the developed world's average, Mr Jonscher said. He added that 20m-40m lines might realistically be installed by the end of the century.

Dr Klaus Grewlich, director general of International relations at Germany's Deutsche Telekom, said his company had earmarked more than DM55bn (£18.7bn) for investment to upgrade over seven years the network in the country's east.

Mr Jean-François Berry, president of the French Telecommunications Users Association, said users wanted the maximum freedom to use new technology, the gradual removal of regulatory barriers, and a choice of competitive suppliers. He added they also wanted telecommunications prices to be cost-related.

Mr Colin Long, of lawyers Beharrell, Thompson, said the European Commission was likely to examine new ways to introduce competition into the market in 1992. This might involve allowing competition for voice telephone services.

Mr Otto Benz, of the Hit Rail consortium of European railways, outlined plans by the group to create a pan-European telecommunications network competing with telephone companies.

FT CONFERENCE

TELECOMMUNICATIONS AND THE EUROPEAN BUSINESS MARKET

Obituary: Hermann-Joseph Dudler

Bundesbank economist

MR Hermann-Joseph Dudler, chief economist of the Bundesbank, has died at the age of 55 after a long illness, writes Andrew Fisher.

Formerly with the Economics Ministry, the International Monetary Fund, and the Organisation for Economic Co-operation and Development (OECD) he took charge of the central bank's economics division last year.

He worked closely with Mr Helmut Schlesinger, the deputy president who soon moves to the presidency, when the latter had overall responsibility for economics in the central bank.

Mr Dudler took care in interpreting German economic and monetary affairs to foreign economists and journalists and was adept at putting these into a wider international and financial context.

Poles discuss plan for rule by decree

THE Polish government yesterday discussed taking sweeping powers allowing it to bypass parliament and rule by decree on vital reforms, AP reports from Warsaw.

President Lech Walesa, frustrated by the creeping pace of parliamentary work on economic legislation, proposed last month that Prime Minister Jan Krzysztof Bielecki's government be given special powers. The executive decrees would be reviewed retroactively by parliament.

Mr Walesa's proposal, which needs parliament to pass a constitutional amendment, won initial conditional endorsement from parliamentary leaders, themselves concerned that a legislative logjam could ruin Poland's radical economic reforms.

The plan could be derailed in parliament by ex-communists, who still have a majority and have recently allied with disaffected former Walesa supporters.

Mr Walesa specified that the decrees deal strictly with economic issues, mainly to enable the government to react more effectively to the needs of foreign investors.

Snuff brings new flavour to Sweden's Euro debate

Robert Taylor on an issue dividing the nation

NOT much arouses the passions of the generally placid and obedient Swedish male, but snuff is another matter. It could be the one issue to turn many of them against their country's expected membership of the EC.

On Monday the European parliament voted narrowly to back European Commission proposals to ban moist snuff from sale in the EC from July 1992.

The proposal will become law if EC ministers endorse the plan; Britain, Ireland and Belgium have already banned moist snuff on health grounds.

But Swedish authorities have been lobbying hard to prevent such a move, and all parties in parliament support opposition to the proposed ban.

Oral snuff taking in Sweden is regarded by many as part of the country's heritage. An opinion survey conducted last week found that 78 per cent of the population felt the EC should not ban snuff, while 21 per cent suggested a ban would change their positive view of the EC.

European Diary

Sweden

The issue is dividing the nation. "I feel ashamed that this is the most important question that people raise here when talking about the EC," says Ms Margareta Haglund of the National Board of Health and Welfare.

Mr Lasse Hjern, vice-president of United Brands, a division of Procordia and responsible for producing moist snuff, takes a different view. "The definition of snuff being used is unworkable and the legal basis for banning it is dubious," he says.

About 800,000 Swedes – a tenth of the population – are "dipping" moist snuff regularly.

Men, especially those aged between 18 and 30, are the heaviest users – 18 per cent dip snuff regularly. Users include leading figures like Mr Kjell-Olof Feldt, former finance minister, and Mr Leif Blomberg, head of the metalworkers' union.

Moist snuff is bought mainly in 50g tins at tobacconists'. The snuff is either loose or packed into sachets which resemble tea bags. It has a pungent, unpleasant smell. The user takes a pinch of loose snuff or a sachet and places it between cheek and gum, usually behind the upper lip, for 20 to 30 minutes.

Snuff is made of finely-ground tobacco with a 50 per cent moisture content. It contains potassium carbonate to make it alkaline, enabling nicotine to be absorbed by mucous membranes. For the novice it produces dizziness and nausea, but it is easy to become addicted given the stronger nicotine absorption than from cigarettes.

Oral snuff taking is regarded by many Swedes as part of the national heritage

Snuff dipping is commonplace on the shopfloor but not in the office, although its resurgence among younger men suggests it has broken through social barriers. Thus politicians in an election year are keen to champion the practice.

In the late 1960s snuff use was dying out in Sweden, and only old working-class men were using it. The Swedish Tobacco Company then launched a successful publicity campaign to target the young and convince them it was socially acceptable to use snuff, Ms Haglund explains.

Mr Hjern feels the revival stems from the belief among former smokers that it is less dangerous to their health. "It became a substitute for, not a complement to, their cigarette smoking," he explains.

In health-conscious Sweden it may seem surprising that snuff dipping is an officially accepted way of life (snuff is taxed more lightly than smoking tobacco).

Two Swedish medical experts, Mr Paul Nordgren and Mr Lars Ramstrom, concluded in a recent article in the British Journal of Addiction that "the oral use of moist snuff causes more extra cancer cases per year in Sweden than the 1986 Chernobyl disaster". They also argued that snuff could harm the cardiovascular system.

But Dr Tony Axell, of Malmo's School of Dentistry, has calculated the oral incidence of cancer from snuff taking at a mere 0.5 per 100,000 men a year and a snuff user is apparently 128 times less likely to contract a tumour than a smoker who inhales.

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AMERICAN NEWS

Guilty plea as Iran arms probe makes progress

By Lionel Barber in Washington

A FORMER senior CIA officer pleaded guilty yesterday to two misdemeanour charges of withholding information from Congress in the Iran-Contra scandal, a move which could implicate other Reagan and Bush administration officials.

Mr Lawrence Walsh, the independent counsel who has spent $25m investigating the scandal, said the CIA officer's guilty plea and his agreement to co-operate marked a "significant advance" in his four-and-a-half year criminal inquiry.

Appearing in the US District Court in Washington DC, Mr Alan Fiers, ex-chief of the CIA's Central American task force, admitted to withholding information about the secret White House operation to ship arms to the Nicaraguan Contra rebels in 1985-86 using profits from illegal arms sales to Iran.

Mr Fiers, a CIA high-flier who has retired from the agency, worked closely with Marine Lt Col Oliver North, the White House aide who organised the diversion of funds. He also had occasional contact with Mr Robert Gates, President Bush's nominee for CIA director, whose Senate confirmation hearings are scheduled to open next Monday.

Mr Fiers' guilty plea opens up new avenues of inquiry for Mr Walsh who has come under Republican pressure to wind up his investigation. Mr Walsh is examining whether current and former CIA officials – as well as aides to then Vice-President George Bush - lied about their knowledge of the secret Contra resupply operation.

Among those under scrutiny because of earlier testimony to the Iran-Contra hearings are Mr Donald Gregg, currently US ambassador to South Korea and formerly national security adviser to Vice-President Bush, and Mr Elliott Abrams, former assistant secretary of state for inter-American affairs who served with Mr Fiers on a restricted inter-agency group.

In 1986, the CIA was banned from providing military aid to the Contras, but President Reagan made clear he wanted assistance to continue. Aides set up a White House resupply operation.

Mr Fiers faces a maximum two years in jail and a $200,000 fine for each misdemeanour.

UN to supervise Peru's anti-drugs campaign

By Sally Bowen in Lima

THE United Nations has agreed to supervise implementation of the bilateral anti-drugs accord between the US and Peru, allaying fears of coca farmers who feared continued repressive tactics and a possible US military presence, as in neighbouring Bolivia.

The agreement with the US, signed on May 14, commits the US to help persuade coca growers to switch to other crops.

But the leader of the coca growers who urged UN intervention was assassinated at the weekend just before the organisation's involvement was announced.

Mr Walter Tocas was general co-ordinator of the Upper Huallaga Defence Front, a 150,000-strong organisation of coca growers in Peru's principal coca-producing zone, 300 miles north-east of Lima. An estimated 60 per cent of the raw coca leaf used to manufacture cocaine comes from Peru.

Mr Tocas had obtained signed commitments from 40,000 coca growers to support crop substitution. His killing is attributed to either drugs traffickers or affiliated Sendero Luminoso terrorists. "This is an attempt to intimidate the coca growers who back the accord," said Mr Hernando de Soto, chief negotiator of President Alberto Fujimori's anti-drugs strategy with the US.

Financial muscle takes cities into the big league

By Stephen McGookin

"ROOT, Root, Root for the Rockies" does not quite ring true, but give it time.

For the Denver Rockies, along with the Florida Marlins, will soon be playing in baseball's National League after Denver and Miami were officially approved last week as the cities to host new teams for the season beginning in April, 1993.

A unanimous vote by the other teams' owners – and a small matter of a $95m (£59.3m) "entry fee" – means the older of the two baseball leagues (the American League being the younger) will be graced by new teams, or expansion franchises, for the first time since 1969 when Montreal and San Diego were admitted.

Seattle and Toronto joined the American League in 1977 taking its size to 14 teams, and Denver and Miami will bring the National League up to the same number.

Both the chosen cities were initially *regarded as long* shots, competing against eight other locations, which were narrowed down to six at the end of last year: the winners, along with Buffalo, Orlando, Tampa/St Petersburg and Washington DC.

Both had heavyweight investment muscle backing them. Prime mover behind the Miami bid was Wayne Huizenga – owner of the immensely popular Blockbuster chain of video stores which have recently spread to the UK – whose personal net worth is believed to be at least $500m.

Denver boasted a coalition of industrial and commercial concerns from across Colorado, drawn *together* by the state's Governor Roy Romer, and including the Coors brewing company and the state's largest radio station.

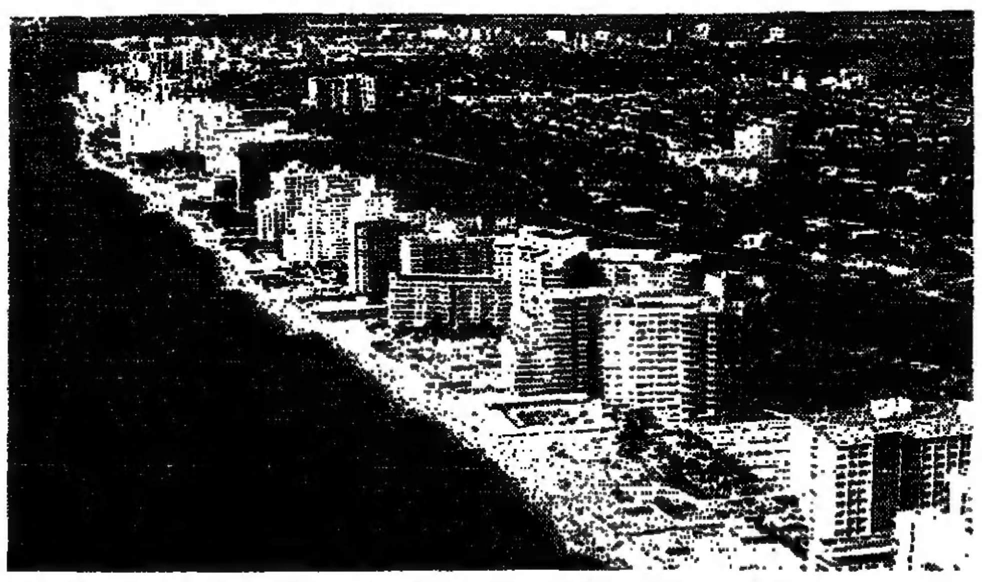
The winners were able to see *off more fancied cities, most* notably frustrating baseball fans in Washington DC, who have been without a team since the Senators moved to Texas 20 years ago.

Since the last expansion, America's national pastime has become even more dependent on financial considerations, with annual revenues from the sport now in excess of $1.2bn. In 1977, the entry fee paid by Toronto and Seattle to join the American League was $7m. The Seattle franchise was subsequently sold for $13.1m in 1981 and again for $77m in 1990.

In 1977, the average salary for a major league player was $76,000. Today, after various strikes, disputes and arbitration it is easily over $500,000.

There are, therefore, reasons other than climate why three of the six shortlisted cities were in Florida. The state – which, along with Arizona, hosts the major league teams' pre-season training in March – provides a considerable television *market, particularly* among the largely untapped and baseball-crazy hispanic population. It is also sufficiently far from other league cities (Houston and Atlanta being the closest) to ensure a healthy support in the flesh.

After the decision had been taken on Friday, the Denver *Rockies unveiled their logo*, which depicts a baseball soaring against a range of mountains. With the club's investors estimating a return from baseball of more than $90m a year to the local economy, not to mention the advantages of future possible industrial relocation and various other spin-*offs, a soaring dollar bill* might not have been inappropriate.



Miami beach: the city has joined baseball's National League, as has Denver

For Argentinians, if it's 1992 it must be the peso

John Barham in Buenos Aires reports on the rationale behind the bewildering cycle of new currencies

WHEN inflation has finally rendered Argentina's money worthless, as happens on average about once every five *years, the government replaces* it with a new currency with a new name but minus a string of confusing zeros. Then Argentinians start the count-down to yet another currency.

Governments invariably explain that the new money is not just meant to make counting easier. The rationale is that inflation has become a thing of the past and the new money will erase all memory of its discredited predecessor and psychologically reinforce the government's claims to have turned the final corner in the battle against inflation.

The news that the government of President Carlos Menem will introduce a new currency on January 1 next year therefore caused little more than mild curiosity.

Mr Domingo Cavallo, the economy minister, says the new currency will be called the peso and be worth one US dollar or 10,000 australs, the present currency introduced in 1985 when it was equivalent to $1.25. The austral replaced 10,000 pesos argentinos, the short-lived currency introduced in 1983, which in turn *replaced 1,000 1970 pesos ley* which replaced 100 ordinary pesos. The new peso will thus be worth 10,000bn old pesos.

The new currency will make handling money easier for a time: a taxi ride that now costs 50,0000 australs will instead cost a more digestible 5 pesos and a night on the town that costs millions of australs will only cost a few hundred pesos. The new peso may replace the torn and grubby austral bank notes, which occasionally bear *obscene messages, with crisp* new ones.

But the chances that it will usher in a golden age of sound money, as Mr Cavallo proclaims, are slim.

Mr Alberto Derman of Cooke y Compañía, a Buenos Aires coin dealer, does a profitable trade in Argentine money. The collectors' favourite, the peso ley series ranging from the one peso note to the celebrated 1m peso note, costs $30.

He says "I remember when *the 1m peso note came in – it* was worth $500. I put it in my pocket to show my mother, but I forgot it and a few months later I found it again but it was only worth $45." He says he receives inquiries from foreign collectors every week. Pointing to a mezzanine floor stacked with bundles of money, Mr Derman says he will not run out of funny money for quite a while.

The short lifespan of Argentine money has made people use the US dollar as a *de facto* currency. Dealers such as Mr Derman are accustomed to being offered bundles of dollar bills from as far back as the 1920s by aged savers. What is sad for these people is that the US Treasury has determined that old money is worthless.

Not content with inflation in their own currency, Argentinians have developed a lethal taste for galloping dollar inflation. Last year, goods priced in dollars would increase with disconcerting speed. Argentine-made television sets, for instance, rose by 30 per cent between September and December.

Mr Roque Fernández, central bank governor, is the author of a study in which he calculated that Argentina "lost" $67.5bn in the 1980s by borrowing or selling off reserves in futile efforts do defend the currency while it printed yet more money to pay its bills. By pure coincidence, $67.5bn is roughly the same as Argentina's foreign debt, or a year's national income.

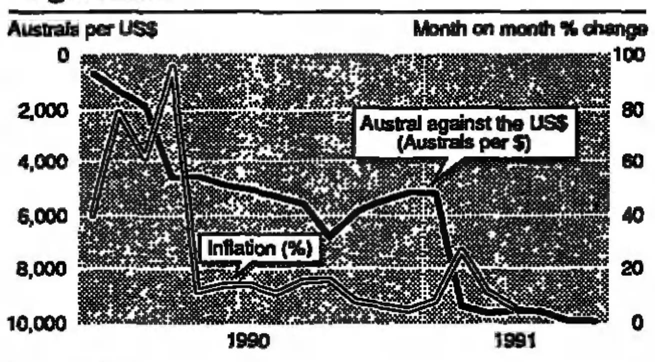
Mr Cavallo says everything will be different this time. On April 1, his "convertibility law" came into force requiring the central bank to back the entire currency in circulation with its foreign reserves of $5.5bn. The convertibility straitjacket is meant to convince Argentinians that the government will stop printing money to pay its bills.

Convertibility makes massive currency depreciation both illegal and impossible, Mr Cavallo says reassuringly. But he was careful to include a clause in the law defining government bonds as foreign reserves. Whenever the central bank runs low on hard currency, the government hands it *a wad of bonds*. Mr Cavallo has now promised the IMF to "restrict" this naughtiness.

Argentina's provinces, jealous of their political and economic autonomy, took to printing their own currencies to evade spending controls imposed by Buenos Aires. Insolvent provinces pay their bills with bonds that are worth even less than australs. Mr Menem was three times governor of the impoverished province of La Rioja. Bonds bearing his signature are a charming Argentine curiosity.

Meanwhile, inflation keeps eroding the value of the unborn peso. Prices have already risen by 12 per cent since April 1. Argentinians, for whom currency speculation is a favourite pastime rivalled only by tax evasion, have seen it all before. The week Mr Cavallo announced the new "hard peso", people queued up outside exchange houses to cash in australs for dollars.

Argentina



Source: Datastream

Council vote backs reforms

HK exchange averts clash with watchdog

By **John Elliott** in Hong Kong

HONG KONG'S stock exchange last night staved off a head-on clash with the Securities and Futures Commission, the colony's regulatory watchdog, when its governing council narrowly voted to accept reforms which it had thrown out last Friday.

The decision will go for approval to the exchange's members at an extraordinary general meeting planned for August 19, at which there is likely to be substantial opposition because the reforms reduce the power of local brokers.

The council's membership is to be increased from 22 to 30 and broadened to give more weight to large and international brokers' firms – measured in terms of market turnover. Lay members are to be given an increased role. The stock exchange will cease to have the legal status of a limited company and proxy voting will be abolished.

Sir Q.W.Lee, chairman of the council, said the plans were in line with international trends in that they widened the representation of the exchange's governing body. They were "not perfect", he said, but were "the best that could be achieved".

The SFC warned the exchange this month that it would unilaterally implement stronger voting reforms if the existing proposals were not accepted by the council.

Last Friday, the council voted for rejection by a 10-9 vote. Earlier this week the SFC accepted concessions on the number of directly elected seats and agreed that the changes could be phased in. This led last night to a similarly small majority in favour.

The SFC and the government consider the reforms essential to rebuild the exchange's international image, which was seriously damaged by the 1987 crash in world markets. Reforms introduced late in 1988 have not proved adequate.

A clique of local members has dominated the exchange's affairs and its leader, Mr Philip Wong, resigned as deputy chairman of the exchange two months ago after policy and other clashes.

Flooding in China after more than a month of torrential rain has killed at least 847 people and caused damage of more than $3bn, according to official reports yesterday, Reuter reports from Beijing.

The floods, centred in eastern China, have damaged close to 9m hectares (22m acres) of farmland and destroyed tens of thousands of homes.

Rao decides he will go it alone

India's PM is counting on opposition divisions, writes K K Sharma

THE BRISK pace with which Mr PV Narasimha Rao's government moved to begin economic reforms last week deflected attention from the equally pressing political problems it faces. The first test of Mr Rao's ability to survive comes this week with the first session of the new Indian parliament, which was being sworn in yesterday.

His Congress party is in a minority in the lower house, the Lok Sabha. With its allies, it commands 244 of the house's effective strength of 506.

Yet, belying expectations during the election campaign when a hung parliament was widely expected, Mr Rao has made no effort to form a coalition government and fortify his position. His main opponents are the Hindu revivalist Bharatiya Janata Party (BJP) and the National Front-Communist combine. Mr Rao has made overtures to neither.

The two groups are committed to oppose the government. This is particularly so with the BJP, which has already announced it will vote against the motion of confidence which Mr Rao presents on Friday.

Although he is short of around 20 votes, Mr Rao has not sought support from the other main parties. Indeed, his sole contacts with the opposition concerned last week's economic reforms. While neither party is by any means committed to supporting his policy changes, Mr Roa is unperturbed.

There are two reasons for his confidence. The first is that no political party wants another general election immediately. The recent election was held less than two years after the 1987 poll and was a prolonged, wearying process because of the delay caused by the assassination of Mr Rajiv Gandhi. Furthermore, the political parties have used up their campaign funds.

Secondly, Mr Rao is counting on the opposition parties' inability to agree. They have all said they would decide their attitudes "issue by issue". Because of this, Mr Rao can hope for support from the constituent groups in the National Front-Left combine which, like Congress, is secular, as opposed to the the BJP's support for a revival of Hinduism.

However, he cannot take their support for granted on all issues. If he decides to take a firm stand on the BJP demand for building a temple at Ayodhya at the site of an ancient mosque – over which there was considerable violence last year – the combine will clearly stand by him. But he cannot expect the National Front and its left-wing allies to be so unequivocal on other issues.

The National Front, particularly the Janata Dal led by Mr VP Singh, a former prime minister, is still too shaken by its election reverses and internal dissension to present a united challenge to Mr Rao.

This is not the case with its left-wing partners, particularly the Marxists from which the Congress expected support. The Indian Marxists remain a conservative group, unaffected by the changes in policies that their counterparts in the Soviet Union and other socialist countries have accepted.

They still believe firmly in public ownership of industry and strongly oppose dependence on the international lending agencies. They have condemned the government's decision to devalue the rupee and are angry at what they believe is a supine attitude to International Monetary Fund conditions.

Since the next parliamentary session will centre on economic reforms and the austerity budget to be presented on July 24, Mr Rao could easily come unstuck.

Already, Congress is facing a threat that the combined opposition will not allow its nominee to be elected speaker today.

Mr Rao will need some deft floor management during the session, and some help from abstentions and walk-outs. This will ensure the semblance of Congress control. Equally, however, it will underline the fact that Mr Rao's is a minority government without assured support from outside.

Mr Rao arriving at parliament house yesterday

Human rights violated in 141 countries, says Amnesty

HUMAN RIGHTS violations continued in 141 countries in the past year and often worsened, the human rights organisation Amnesty International says in its annual report published today, Robert Mauthner, Diplomatic Editor, writes.

The London-based organisation says that, in spite of the dramatic political changes since the beginning of the decade in eastern Europe and South Africa, worldwide respect for human rights has hardly improved.

"Some governments are flagrantly torturing and killing, others are hypocritically condemning some abuses, but ignoring others when it suits them," it says.

People were jailed as prisoners of conscience in about half the countries of the world, while more than 100 governments continued to torture or ill-treat prisoners last year. Thousands of people "disappeared" or were extra-judicially executed in 29 countries, and death sentences were handed down or carried out in 90 countries.

"We have seen human rights often take a back seat to trade or political concerns and become the casualty of political expedience," Amnesty adds.

The Iraqi invasion of Kuwait last August was accompanied by mass extra-judicial killings, summary executions, torture and arrests of prisoners of conscience. But while previously ignored human rights abuses by Iraq made the headlines, grave violations in other countries such as Chad, China, Colombia, Mali, Burma, Syria and Turkey received relatively little publicity.

In Israel and the occupied territories, some 25,000 Palestinians were arrested, including more than 4,000 who were held without charge or trial, while in Syria and Iran thousands of political prisoners remained in detention without charge or trial.

The persecution of blacks from southern Mauritania was a particularly disturbing development, with soldiers from the majority community arresting thousands and randomly killing unarmed villagers.

In Sri Lanka thousands of civilians were extra-judicially executed or "disappeared" without trace. In China, thousands of pro-democracy protesters arrested the previous year were still detained without being charged or tried, and the 750 firing squad executions recorded by Amnesty there were the highest number since 1983.

In the Americas, too, abuses remained serious, particularly in Colombia and Peru, where hundreds of men, women and children "disappeared".

Children were gunned down by "death squads", sometimes made up of police officers or soldiers, in El Salvador, Guatemala and Brazil.

Investment need for S African blacks

By **Philip Gawith** in Durban

MR DOUGLAS HURD, the British foreign secretary, said yesterday it was evident that a large amount of public investment was needed to help improve black standards of living in South Africa.

Although most of this would have to come from the South African government, he noted that British bilateral aid to South Africa of £10m ($16m) a year was more than any other country.

Foreign investment would also be important in helping create employment.

Mr Hurd, on a three-day visit to South Africa, was in Natal yesterday on a tour dominated by the need to promote economic growth as well as to curb factional violence.

He met Chief Mangosuthu Buthelezi, the Inkatha leader, Mr Jacob Zuma, deputy secretary-general of the ANC and Dr Oscar Dhlomo, a former deputy to Mr Buthelezi, who now plays an important political brokering role.

Mr Hurd's visit included a helicopter flight over the sprawling Durban metropolis where townships and proliferating squatter camps make it one of the fastest-growing urban areas in the world.

Talking to locals in the Inanda township, about 30km out of Durban, Mr Hurd was struck by the lack of work, with most residents apparently jobless.

Mr Tony Gilson, a guide from the non-profit-making Urban Foundation, told him that about 75 per cent of blacks living in Durban were without water or electricity.

Residents gave Mr Hurd a first-hand account of how violence was disrupting their lives. He said that despite the political labels often attached to the violence, his impression was that it was usually driven more by the "struggle for territory and power" at the local level.

Chief Buthelezi, described by Mr Hurd as "a substantial player in the re-building of South Africa after apartheid", stressed his agreement with the British foreign secretary, saying the continued isolation of South Africa was futile and wrong.

He said black South Africans "need programmes and the money to go with them to assist black advancement and to lift the burdens that apartheid, sanctions and political intolerance have created".

Chief Buthelezi warned that the violence could potentially spiral downwards into civil war but added that "South Africa cannot be held to ransom by violence and we must begin working towards negotiations in every way possible while we are busy dealing with violence".

He said he was optimistic that peace talks between the ANC and Inkatha, which have faltered recently, would acquire renewed impetus after the Inkatha Freedom Party conference later this month.

Sheikh Jaber al-Sabah, the emir of Kuwait, arrives at the opening of the first session of the newly-formed National Council in a rare public appearance yesterday. The council has come in for criticism by members of the opposition who say it is a poor substitute for the elected National Assembly which the emir suspended in 1986. Sheikh Jaber called on all Kuwaitis to work hard to return the country to the prosperity of pre-invasion times

Kaunda facing challenge from within party

ZAMBIAN President Kenneth Kaunda, reluctantly preparing for elections this year against a powerful opposition, faces a new threat from inside his own party, Reuter reports from Lusaka.

Mr Enoch Kavindele, the youngest central committee member of the United National Independence Party (Unip), told a news conference yesterday that he would challenge Mr Kaunda for leadership of the increasingly unpopular ruling party.

"We wish to save our party," said Mr Kavindele, 42, a businessman who will stand against the veteran president at a congress on July 21-25. He said the party, in power since independence in 1964, risked "going into oblivion". "My colleagues and I have watched with sadness the defection to opposition parties of many of our members," he added.

He has little chance of beating Mr Kaunda at the party congress, as many Unip members say they do not take him seriously.

A groundswell of popular opposition to Mr Kaunda and his party forced the president to agree last year to return to a multi-party system and to hold all-party elections by October.

Several Unip members have defected to the main opposition group, the Movement for Multi-party Democracy (MMD), which has a strong following in the trade union movement. But Mr Kavindele said many would return to the fold if there was a new party leader.

Unip, still run by the leaders who took Zambia to independence from Britain, has been sharply criticised for mismanagement of the copper-producing country's economy and for failing to train a younger generation to take over power.

Japanese machinery orders edge up again

By **Steven Butler** in Tokyo

JAPANESE private sector machinery orders in May rose by 2.8 per cent from April following two months of consecutive declines. The increase has helped ease fears of a collapse in capital spending.

Japanese companies have come under financial pressure after a long period of high interest rates and a weak stock market. The Bank of Japan lowered the discount rate last week by half a point to 5.5 per cent, although the stock market has continued to perform badly in the face of financial scandals.

Year on year the increase in machinery orders was 6.8 per cent, at Y1,210bn ($8.4bn) or a seasonally adjusted increase of 3 per cent, the Economic Planning Agency said yesterday.

Ms Chiharu Sumita, an economist at UBS Phillips & Drew, described the level of machinery orders as healthy, because they indicated a gradual cooling of the economy. Ms Sumita expects capital expenditure to register growth of 7 per cent this year, and of below 5 per cent next year.

The biggest source of growth was from foreign customers, where orders increased by 15.4 per cent from a year ago, and 9.1 per cent from the previous month, to Y524.8bn. This was boosted by orders for tankers and heavy machinery from the Middle East.

Orders from Japanese manufacturers grew by only 1.5 per cent compared to the previous year, or by 7.6 per cent from April. Public sector orders were up by 9.8 per cent from a year ago, although they fell by 12.5 per cent on the month following a sharp increase in April.

Algerian prime minister appeals for financial aid

MR Sid Ahmed Ghozali, the Algerian prime minister, called yesterday for rapid aid from the European Community and World Bank to help the country overcome critical economic problems, Reuter reports from Algiers.

Addressing parliament, he said he had told Mr Nordine Ait Laoussine, energy minister, to make contacts abroad to seek aid. "We are in a critical situation, the most critical financial situation the country has ever known," he said.

On Monday in Brussels, EC finance ministers gave initial approval to a Ecu500m ($560m) loan guarantee to support the country's recovery. Algeria had asked for nearly $900m.

Mr Ghozali was appointed prime minister after a state of siege was declared in Algeria in June following weeks of Moslem fundamentalist unrest. Planned elections were postponed and fundamentalist leaders put under arrest.

He said he was bitter over previous government policies of heavy borrowing to promote gas exports which, he said, had cost the country $40bn in the 1980s.

Israel to sell nine companies this year

By **Hugh Carnegy** and **Efrat Shvily** in Jerusalem

ISRAEL'S Finance Ministry, in a bid to regenerate a flagging privatisation programme, said yesterday it planned the complete or partial sale of nine companies by the end of this year, a process which was targeted to raise Shk1.25bn ($520m).

Mr Yosef Nitzani, the former Tel Aviv Stock Exchange chief who was recently appointed to head the ministry's public corporations authority, said he intended to privatise between 30 and 40 companies – out of more than 150 owned by the government – over the next three years, raising a total of up to Shk7bn.

Money from privatisation and the productivity gains expected to follow are an important element in the government's efforts to generate 500,000 jobs in the economy by mid-decade to cope with an expected 1m Soviet Jewish immigrants.

But a highly critical report published yesterday by a Jerusalem think-tank said the government was extending its intervention in the economy, not reducing it. The Institute for Advanced Strategic and Political Studies (Iasps) called for immediate privatisation of all state companies "if necessary in fire-sale fashion" as a top priority to achieve sustainable growth capable of absorbing immigration.

Mr Nitzani's plans are more modest than the original privatisation programme drawn up three years ago by First Boston, the US investment bank, under which the government hoped to raise $5bn. That ran aground last year when the planned sale to private foreign investors of Israel Chemicals, the most profitable state company, was blocked because of political objections.

Mr Nitzani said a new formula was now being debated by ministers for the sale of Israel Chemicals. He said in the short run, the main privatisation vehicle would be the Tel Aviv stock market. But an element of foreign investment was essential: "The state's foreign currency needs for the coming years don't enable us to concentrate only on the Israeli capital markets."

Most of the companies to be sold this year are small: exceptions are Bezek telecommunications monopoly and Zim Navigation shipping company. A minority of Bezek shares has already been floated on the Tel Aviv market and an additional 23 per cent is to be sold through private placement or on foreign exchanges. Between 15 and 20 per cent of Zim will be floated locally.

In a critique of this year's budget called "Alice in Wonderland", Iasps said the government's stated commitment to reform and private sector growth was not being met. Instead, it said, industrial subsidies, increased government activity in housing, and rising taxes "extends government intervention in the economy".

Role-reversal for China and Soviet Union

In the 1950s Moscow was the dominant economic partner — but no longer, writes Lynne Curry

IN THE wake of the upheavals in the Soviet Union and the market-oriented reforms in China, the economic relationship between these two former socialist allies has undergone a sharp change in recent months.

The Soviets and the Chinese do not have the same co-operation that they did in the 1950s, one eastern European diplomat says.

There is a big difference. Before, they had the same ideology and that was the basis of co-operation. Now, the basis is not ideological or political – it is economic and based on international security. Both sides recognise the importance of having a good neighbour along their 7,000km border.

In the last decade, as China has followed its reform and open door policy with the west, it has also tried to do the same with the Soviet Union. And as problems have developed in Beijing's relationship with western countries, striking a kind of balance with Moscow has become more important.

At the same time, however, China has also tried to compete with the Soviet Union to see which country could achieve bigger, better reforms faster, and, said one east European diplomat, "China won."

Soviet President Mikhail Gorbachev is finding perestroika difficult to implement, to say the least, whereas the economic reforms in China, despite the serious problems, have transformed daily life in the countryside and in the cities. More and greater varieties of food and consumer products are available and, in the countryside, farmers are able to build bigger and better houses for themselves.

The economic basis of China's relationship with the Soviet Union has been underscored by Moscow's refusal to discuss political or ideological differences with Beijing, diplomat says.

"There is no possibility of bringing the co-operation back to that which existed in the 1950s," he notes. Then, the Soviets were the dominant partner in a relationship both sides viewed as a comradely alliance. Thousands of Soviet specialists and technicians came to China to aid in its development. A few hundred factories were built with soviet assistance. There was extensive military co-operation.

But in the 1960s, ties hit an all-time low as the two sides engaged in armed clashes along their border and banners were displayed during the Cultural Revolution in Beijing demanding the death of Soviet leader Leonid Brezhnev.

By the late 1980s, the relationship was revived, with the rapprochement capped by Mr Gorbachev's historic summit meeting in Beijing in May 1989, just before the crackdown on Chinese dissidents in Tiananmen Square.

Ironically, however, today, in a climate of mutual goodwill, the roles of the 1950s have been reversed.

This was particularly evident from the two commodity loans (one this year for SFr1bn ($633m) and one last year for SFr500m) China has made to the Soviet Union.

Under the terms of the loans, China supplies consumer goods, which diplomats said consisted of a lot of poor stock the Chinese could not sell domestically, and foodstuffs, basically grain and meat, which the Soviets have to repay in three years.

They will pay it back in timber, other raw materials, and machinery. Soviet repayment does not include military aircraft, diplomats said. These are being considered separately from the loan arrangements.

Trade between the two countries is also growing, albeit with some problems. Bilateral trade last year was $3.38bn, up from about $3bn in 1989, according to Chinese statistics. The Soviet Union is now China's fifth largest trading partner after the US, Hong Kong, Japan and Germany.

However, the Soviet Union is desperately short of cash, while China is reluctant to spend because of a desire to retain its self-sufficiency.

As of this year, trade between the two giants is being switched to a cash basis, but in practice this is a transitional phase when both cash and some barter are still being used.

There are now two lists, according to a trade protocol signed last autumn, which spell out what can be sold for hard currency and what can be swapped for goods.

Those items which can be sold for cash include good-quality items and valuable raw materials. The second category would include items that can be bartered, primarily machinery and equipment that is not considered high-technology.

Overall, Sino-Soviet trade is heavily influenced by between neighbouring Soviet and Chinese regions. This border trade, worth approximately $1bn, accounts for a quarter of total bilateral trade. As the trade has expanded with the relaxation of tension between Moscow and Beijing, it has also become harder to control.

The goals of the Soviet Foreign Trade Ministry in Moscow are often at odds with those of traders on the border. The central government would prefer to export machinery and equipment rather than valuable commodities for hard currency. If goods are exported for cash, however, the foreign exchange is remitted to Moscow and traders receive only a fraction of those profits and even then it is in nonconvertible roubles.

The traders prefer to be paid in goods. For the Chinese, however, it is more profitable to import Soviet materials against the export of garments.

Another element in the development of the Sino-Soviet relationship has been the sharp growth of Chinese labour exports to Siberia. This year about 25,000 Chinese workers are in the Soviet Union, most of whom work as farmers just across the border in the Soviet Far East.

One looming uncertainty in the Sino-Soviet relationship is how China would respond to the approach by individual Soviet republics to do business in China without necessarily obtaining authority from Moscow.

So far, no independent Soviet delegations have come to China, but observers believe it is only a question of time. The Chinese leadership dislikes the freedom of the Soviet republics, because Beijing has its own problems with provinces and with minorities along the border.

Trade by the republics is likely to help boost overall bilateral trade significantly, but if the Soviet Union continues to have severe economic problems, the impact on trade and the relationship with Beijing will remain uncertain.

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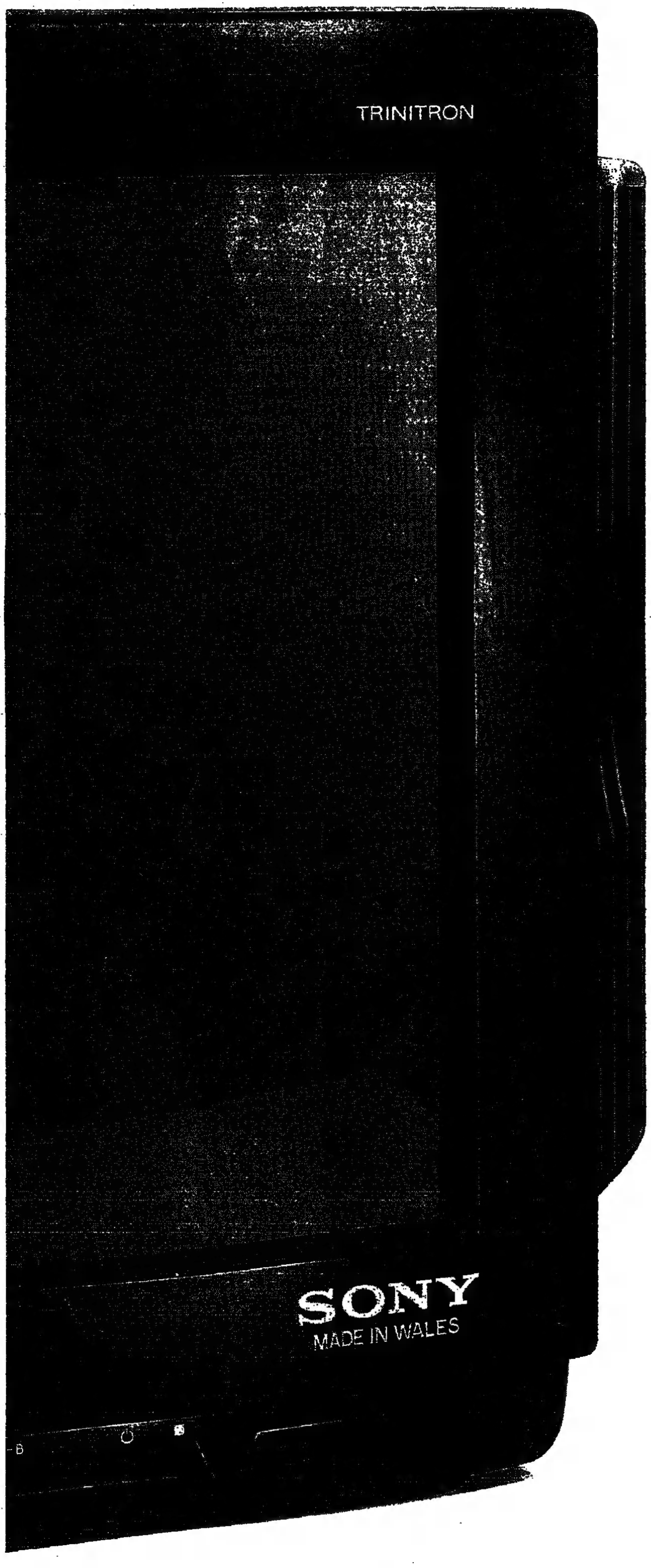

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PUBLIC REACTION

Questions raised by timing of the swoop

By David Lascelles, Banking Editor

THE mounting tide of outrage about the closure of BCCI is focusing on two key questions. Could officials have done more to warn depositors and shareholders who have lost money? And why did the banking authorities take this drastic step if the Sheikh of Abu Dhabi was about to inject a large sum of money into the bank?

Many people and institutions are claiming that they were misled by the Bank of England. Some are taking legal advice. But the Bank faced a sharp dilemma over the timing of the shutdown, and it chose what it believed to be the lesser of two evils.

There were two courses of events moving in parallel in the first half of this year, and they created a conflict for the Bank. One was the fraud investigation into BCCI. That was initiated by the authorities in March after they had been presented with evidence at the beginning of the year. The inquiry had to be conducted in secret to avoid tipping off the fraudsters. The report was completed on June 27. The decision to shut the bank was taken on July 2 and the swoop occurred on July 5.

The other set of events was the reorganisation which BCCI embarked on at the beginning of this year to give itself a new shape after last year's scandals and losses. The intention was to create three new subsidiaries – in Abu Dhabi, the UK and Hong Kong – under a holding company in Abu Dhabi. The Bank of England and the Luxembourg authorities were closely consulted over this plan. As part of this exercise the Sheikh of Abu Dhabi, BCCI's 77 per cent shareholder, was ready to invest new money in the group. This structure was supposed to be ready by June 30.

The success of this exercise depended on authorities like the Bank of England granting banking licences to the new operating entities. It is now clear that the Bank of England was not prepared to do this, knowing that a fraud investigation was under way.

The question is whether the Bank should have contacted the Sheikh and the Abu Dhabi authorities to let them know what was going on. The authorities decided not to. The official reason is that there was no time because of the urgent need to stop the fraud. But the authorities were also concerned about information on their inquiry leaking out through Abu Dhabi. Either way, Abu Dhabi was infuriated by the action, and by the lack of consultation.

Officials in London and Luxembourg, where BCCI's European arm is registered, have been stressing that the shutdown was dictated not by worries about the bank's financial condition, but solely by the need to stop the fraud. BCCI could have been the strongest bank in the world; the action would still have been taken.

Many questions remain unanswered, however. One is whether the fraud really necessitated a worldwide shutdown. Could the fraud not have been isolated, and the restructuring allowed to go through so as to spare the huge losses that depositors will now suffer? Another is why the authorities did not act earlier against a bank with well-known criminal connections, thus minimising the damage.

A third is whether, in acting as they did, they have humiliated the Sheikh, who is the one person who could have salvaged the bank from disaster.

Although the Bank of England and other authorities took care to proceed according to the law, depositors are already taking legal advice to see if they have any cause for action.

But the powers used by the Bank are couched in general terms. The winding-up order is being sought under Section 92 of the Banking Act, which says a bank can be shut if the court thinks that "just and equitable".

THE HELPLINE

Some answers to a deluge of phone inquiries

By Philip Coggan and David Lascelles

THE HELPLINES have been swamped with calls from BCCI depositors and borrowers. Here is a guide to some of the more straightforward queries that have been made.

Do I have to lodge a claim to get compensation under the Deposit Protection Fund? If so how, do I do it?
The Deposit Protection Board will be given details of all account holders. It will write to them at their given addresses and invite them to claim. This will probably happen when the bank is formally wound up.

How much money can I expect to get back?
Three quarters of sterling deposits up to £20,000 (total compensation is thus £15,000). Foreign currency deposits, term deposits of more than five years and certificates of deposit are not covered.

How long will it take?
Months, rather than years, but it is hard to be specific.

What happens if, after I get paid by the Deposit Protection Scheme, the liquidator pays money to depositors. Do I get the lot?
No. Once you have been paid, the Deposit Protection Fund will stand in your place as creditor and will receive the first 75p in the pound. However, if you have a larger deposit than £20,000, you will still have a claim on that part not covered by the Deposit Protection Scheme.

My uncle, who is not resident in Britain, has an account at a UK branch of BCCI. Is he covered by the Deposit Protection Scheme?
Yes, provided the account meets normal conditions. The scheme is based on the address of the bank, not the depositor.

What are the chances of someone else, (the Sheikh of Abu Dhabi, the UK government) paying additional compensation?
The UK government has ruled out compensation. The Bank of England is trying to persuade the Sheikh to help.

My salary is due to be paid tomorrow, directly into my now-frozen BCCI account. What should I do?
Tell the employer not to do so, but to pay the money by cheque or into a new account. If the process has started, the liquidator will in due course return the funds.

My mortgage is with BCCI. To whom do I make payments?
You should continue to pay in the normal way. Eventually, the mortgage may be sold to another bank.

Can I use my BCCI Visa card?
No. Cash machines have been programmed to gobble them up, and traders have instructions to retain them.

So need I pay my BCCI credit card bill?
Yes. Pay the normal addressee on the bill. If you do not, you will be pursued by the liquidator and you may get a black mark on your credit rating.

My creditors are threatening to put me into receivership. I have the money, but it is frozen. What can I do?
Nothing until compensation is paid. However, if you can prove you have a claim against BCCI, another bank might be prepared to lend you money against it.

I accepted two BCCI cheques, one supported by a cheque card the other not supported by a cheque card, before the bank closed down. I have no way of tracing the customers. Will I get my money?
If the cheques cleared before BCCI was shut down, you should get your money. If it did not, you will join the queue of creditors.

INSURANCE COVER

Policies likely to be insufficient

By Richard Lapper

THE Bank of Credit and Commerce International bought insurance which covers its customers against losses from fraud and theft, but the amounts of cover are likely to be relatively small and of little comfort to the bank's stricken customers.

According to the insurance broker Willis Corroon, which broked the reinsurance on the policies, BCCI bought a series of such insurances covering each region of its international operations from the Pakistani insurer Adamjee Insurance.

These were reinsured in the London market with companies including the Italian insurer Generali, and British & European, the reinsurance subsidiary of Commercial Union.

However, the policies are only likely to cover losses up to relatively low limits.

Meanwhile the DTI confirmed yesterday that it was examining the relationship between BCCI and the London-based life insurance company CCL Holdings.

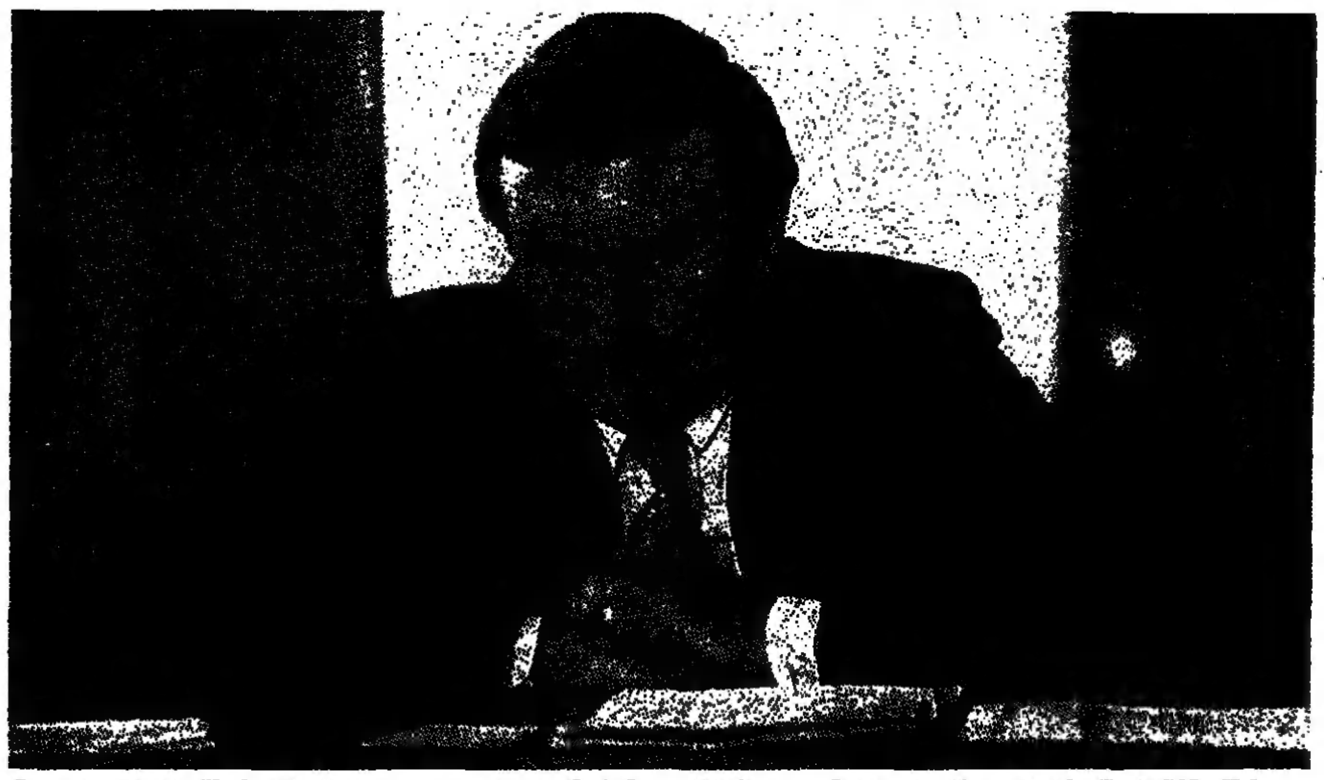
CCL, a holding company linking Credit & Commerce Assurance and separate unit trust and mortgage company subsidiaries, insisted that it had no equity links with BCCI.

Mr Michael King, a CCL director, said: "We don't own any shares in the bank and they don't own any shares in CCL."

CCL banked with BCCI and like any large customer had a "close working relationship" with the bank. This was purely "commercial" and at "arms length", Mr King said.

CCL has some money deposited with BCCI but also has an account with Midland Bank.

CCI and BCCI shared the same logos and there were historic links dating back to the early 1970s when both the life insurer and the bank were formed in the UK, added Mr King.



Geoffrey Wragg, York City treasurer, announces that the authority may lose more than £1m in the BCCI affair

FROM BC TO BCCI

Hard-luck stories on the Rock

By Tom Burns in Madrid

MR PETER GREY'S hard-luck story takes a lot of beating. A former restaurant owner who sold out in the UK 10 years ago and settled near Marbella on Spain's Costa del Sol, Mr Grey had £18,000-worth of his savings frozen in 1987 when Barlow Clowes crashed.

Mr Grey recovered 90 per cent of this investment two years later before making his next move. "I went down the road in Gibraltar [Barlow Clowes International had its headquarters on the British Crown colony], and put £15,000 in *that* bank".

Yesterday Mr Grey was among hundreds of British residents in southern Spain who learned that their cash on the Rock was not covered by any deposit protection scheme and that they depended solely on the resources of Bank of Credit and Commerce International for recovery of their funds.

Mr Grey is understandly aggrieved with BCCI, but he is also furious with Gibraltar. "I thought I was covered in Gib," he said.

Echoing his sentiments, Mr Gerry Davies, a British advertising consultant living in Marbella who had an undisclosed amount deposited in BCCI's Gibraltar branch, said: "The Rock may as well close up shop as an offshore base."

Mr William Penman Brown, *Gibraltar's commissioner for* banking, rejected such accusations saying that "we can demonstrate very clearly that this is not a problem of our making."

Mr Penman Brown ordered the closure of BBCI's single-branch Gibraltar operation on Saturday. He believes that it had deposits of £94-£95bn and some 90 per cent of its funds had been placed with its affiliate in the Cayman Islands.

Set up in 1984, BCCI on the Rock was well regulated.

LOCAL AUTHORITIES

Funds lodged by up to 30 councils

By Neil Buckley and Michiyo Nakamoto

MILLIONS of pounds of public money had been lodged with BCCI by as many as 30 local authorities, sometimes only days before the bank's closure, it emerged yesterday.

The bank was frequently used by councils for deposits and short-term commercial loans. It was included in a standard list of Bank of England-approved banks circulated with a quarterly borrowing and lending enquiry from the Department of the Environment on June 21.

The Association of Metropolitan Authorities said it knew of five member councils that had money with BCCI, in amounts ranging from £1.15m to "several million pounds". The AMA had written to other authorities to establish the extent of the problem.

The Association of District Councils said more than 10 of its members had money with BCCI, including Allerdale, and Barrow-in-Furness in Cumbria. Some council finance officers said as many as 30 councils could be involved.

The associations said they hoped to hold a meeting of all authorities affected as soon as possible, to take legal advice and discuss making representations to the government.

York City Council said it had a total of £1.3m with BCCI, made up of four short-term loans, the most recent of which was made on July 2 – only three days before the BCCI closure. The bank had been placing commercial loans with BCCI through its financial brokers for three years.

As the money was in the form of a loan, not a deposit, it is not covered by the deposit protection scheme. It is therefore not clear how much the council may be able to recover.

"We will be pursuing every possible avenue of recovering as much money as possible," the council said.

As the money formed part of the council's precept due to be paid to the county council tomorrow, York will have to borrow. The loss of interest on the BCCI loan, and the interest on new borrowing, are estimated at £120,000.

Stockport Borough Council had two loans worth £1.15m with BCCI. It said it was hopeful of receiving a reasonable proportion of these back when BCCI was liquidated.

Bristol Council last placed a £600,000 commercial loan with BCCI on June 25. It had been due for repayment today.

"It's a substantial sum and not one which the city council can readily bear," the council said. When Bristol made its last deposit with BCCI two weeks ago, the bank was still on the list of institutions authorised by the Bank of England.

"So long as an organisation is on the Bank of England's register, that has always been regarded as sufficient," the council said. "It now appears that that is no longer the case."

The council hopes that it will be able to cover the shortfall by underspending this year's budget. But, having just been poll-tax capped for the second year, and with the likelihood that it will be able to reclaim only £15,000 back, the council's exposure to BCCI could affect services as well as next year's poll tax.

HONG KONG SUBSIDIARY

Singapore on list of potential buyers

By John Elliott in Hong Kong

BANKS from Singapore and elsewhere in Asia have *approached* the Hong Kong government about buying Bank of Credit and Commerce Hong Kong (BCCHK), a 99 per cent-owned local subsidiary of BCCI Holdings (Luxembourg) SA, whose operations were suspended by the colony's banking commissioner on Monday.

The BCCHK crisis coincides with a drive by Singapore to buy banking and other commercial interests in Hong Kong ahead of the colony's return to Chinese sovereignty in 1997.

Mr David Carse, a Bank of England official who last *month took up the commissioner's* post on secondment, said the possibilities of a sale were being "pursued with interested parties". The alternative to a sale was liquidation.

A representative sent by Mr Carse to Abu Dhabi had earlier failed to obtain a pledge that the emirate would stand behind the bank's operations.

Sir Piers Jacobs, financial secretary, is to make a statement in Hong Kong's Legislative Council today.

UK keeps EC door open on Japanese cars dispute

By John Griffiths

VALUABLE progress was made in the UK's fight to ensure free distribution of British-built Japanese cars in the EC, Mr Peter Lilley, UK trade secretary, said in London yesterday, after talks in Brussels with Mr Martin Bangemann, EC Commission vice-president.

He said he had won agreement on three points: "First, he agreed there could be no restriction of any kind on the right of British plants to sell their cars in any EC country.

"Second, there could be no limit, formal or informal, on output of cars by Japanese-owned plants in Britain.

"Third, no overall ceiling would be set covering Japanese cars imported into the Community and those made at Japanese-owned plants in the EC."

The UK contends any attempt to impose such a ceiling would discourage increased investment and production of cars within the EC and encourage the Japanese to import cars from outside it instead.

Mr Lilley's talks with Mr Bangemann follow similar ones with Sir Leon Brittan, EC competition commissioner, who has also been broadly supportive of the UK line.

However, Mr Lilley accepted yesterday that the Commission was *still likely to face* further pressure from member states, notably France and Italy, anxious to limit the combined total of Japanese imports and EC-built Japanese cars during a transitional period before the EC is opened up completely to Japanese competition.

US says Japan dumping portable computer displays

JAPANESE makers of high-resolution displays for portable computers are dumping their products in the US, the Commerce Department has ruled, Louise Kehoe reports from San Francisco. The decision could have serious effects on US computer makers, and the Japanese exporters.

In its final determination of a dumping complaint filed by a group of US computer display makers, the department said dumping margins ranged from 7 to 68 per cent for different displays. Margins are higher than preliminary estimates which ranged from under 1 to about 5 per cent.

The US International Trade Commission must decide in 45 days if US producers have been injured. If so, dumping duties will be imposed. US display producers say Japanese dumping is ruining their businesses. But top US computer makers may oppose duties, which they say would stop them competing against Japanese lap-top computer makers, because their computers use Japanese display screens.

US approval likely for S Korea to buy F-16s

By Nancy Dunne in Washington

THE US Congress is expected to approve plans by South Korea to co-produce 120 US F-16 fighters in a $3.8bn deal with General Dynamics. This is despite concerns that the US is passing on technology to countries which intend to build competing industries.

The Pentagon has notified Congress, which has 30 days to decide the matter. Sale of the jets, production kits and other equipment will total about $2.52bn, but technical and other contracts will bring the value to $3.81bn.

Twelve aircraft will be made in the US,36 US kits will be assembled in Korea, and 72 aircraft will be produced under licence in Korea.

Congress previously approved a South Korean purchase of F-18s from McDonnell Douglas, but the deal came apart as costs mounted.

That proposed purchase lifted eyebrows within the aerospace industry because two-engine jets like the F-18 are generally purchased by countries expecting war in the 20-25 years of the aircraft's life.

Mr Joel Johnson, a vice-president of the Aerospace Industry Association, said the Pacific Rim countries were increasing their defence budgets in response to a perceived pull-back by the US.

The Asians are also interested in developing their own industries. One of the attractions of the new deal for South Korea is a promise by General Dynamics to help Korea design its own jet military trainer.

Centre may be set up in Geneva to foster private business contacts

Russians seek links into Europe

By William Dullforce in Geneva

THE RUSSIAN government has proposed that a centre be set up in Geneva to exchange information between Russian and European businessmen. It has also started to establish contacts with Swiss bankers.

The centre, which could be in the form of a private company, would be kept separate from government bureaucracies, said Mr Andrei Kozyrev, foreign minister of the Russian republic.

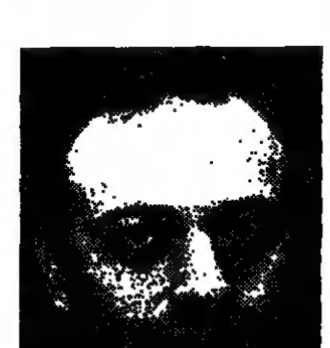
The idea was to put Russian and European entrepreneurs into direct contact and leave it to them to do business.

Many Russian businessmen were looking for partners abroad, as the economy was privatised, but found themselves still operating in a closed society. The only channel of information now available to them, the centralised Soviet system, was "a total disaster". On the other hand, they risked falling prey to sharp western operators looking for easy money.

Contacts with "authoritative" companies might be opened through a private business and banking "nucleus", perhaps equipped with a computer network, which could identify possible business partners and do some market survey work, Mr Kozyrev said.

As an internationally recognised, apolitical business centre with easy travel connections Geneva could be the right meeting place for Russian and western businessmen.

Mr Kozyrev, who came here *as head of the Soviet delegation* to the UN economic and social council, last week met the local directors of the four biggest Swiss banks and several Geneva private bankers. Mr Marcel Naville, board member of Swiss Volksbank, who arranged the meeting, said no precise plan had been discussed but the bankers had found Mr Kozyrev's ideas very interesting.



Andrei Kozyrev: seeking business contacts

Soviet private entrepreneurs have already started to establish outposts in Geneva. Ms Suzanne Wolfe, an American-trained Swiss lawyer, has set up a Swiss company for Alliance, a group based in Kiev, Ukraine, which wants to do business in industrial products, particularly telecommunication equipment. Alliance, headed by Mr Evgeny Imas, has 60 per cent private capital. It has already set up a company in the US and plans one in Seoul, South Korea.

Ms Wolfe is about to establish another Swiss company for Dalso, a shipping and trading group based in Vladivostok, Siberia, which until now has *been a closed city to western* business. Dalso is involved in building a leisure centre with a golf course, mainly aimed at Japanese and Korean clients, and is also looking at substantial construction projects, for which it would like to have European partners.

Food producers' group threatens G7

By Victoria Griffith

THE CAIRNS Group of food producing countries yesterday warned Group of Seven nations that it would retaliate if they did not reduce domestic agricultural subsidies.

Brazil said any subsidised products it imported would bear countervailing duties. It was acting in response to bitter criticism by Uruguay and Argentina of Brazil's import of subsidised beef from the European Community and subsidised wheat from the US this year to counter internal shortages.

"It's time for the G7 nations to assume their responsibility for the corruption and decadence of the world agriculture market," said Mr Neal Blewett, Cairns Group president and Australia's trade minister, at a meeting this week in Manaus, the first since the Gatt talks broke down.

He denounced the billions of dollars handed out by Europeans and Americans to their farmers each year as "economic vandalism" which led to corruption and decay in the world's agricultural markets.

Mr Antonio Cabrera, Brazil's agriculture minister, said: "The developed nations are creating a new Berlin wall.... They want all the advantages of patents, registration of industrial property, and the pay-back of debt, but they systematically refuse to recognise our right to a competitive free market."

The objectives of the Cairns Group remain the same: a 90 per cent reduction of export subsidies, and a 75 per cent cut in production incentives and import barriers over a 10-year period.

It claims that large subsidies are bankrupting lower cost farmers in developing nations and robbing them of valuable export markets. The subsidies mean, for example, that a tonne of European wheat produced for $210 can be sold on world markets for $80 dollars.

According to Mr Blewett, EC spending on agricultural subsidies surged by $81.6bn last year, and US spending by $36bn.

Observers from Japan and the Community had been expected to attend the Cairns Group meeting but they failed to show up.

Brazil to purchase more oil from Iran

By Victoria Griffith in São Paulo

BRAZIL has clinched a deal to import an additional 80,000 barrels of oil a day from Iran in return for sending Tehran £1bn-worth of Brazilian goods which it will use in reconstruction. This is on top of the 100,000 b/d currently imported from Iran.

The deal, which makes Brazil the second largest importer of Iranian oil after Japan, was signed in Tehran by Mr João Santana, Brazil's infrastructure *minister, with the Iranian* National Oil Company.

The Brazilian goods are likely to include materials for building seven sugar mills, and some 700 engines and cars for Tehran's metro system.

In addition to the $1bn in capital goods, Brazil may participate in the construction of a hydroelectric power station, oil storage facilities, and of boats, cars and heavy trucks.

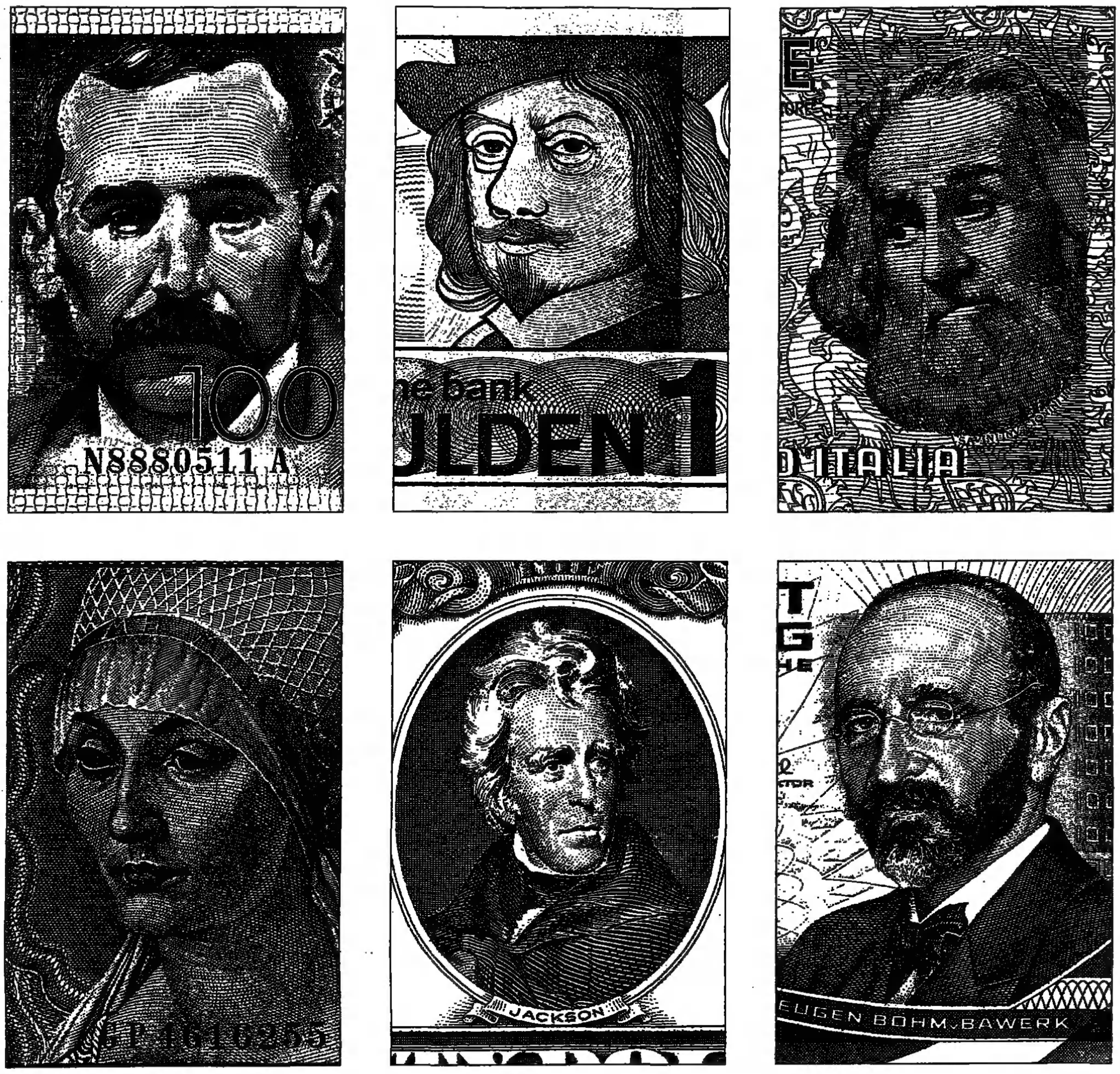
Payment for Brazil's exports will be made within 30 days. In the past, payment has taken up to 360 days.

The Brazilian construction group Andrade Gutierrez is bidding for a $450m contract for the construction of the hydroelectric plant.

Embraer, the state-owned aircraft group, said it was close to clinching a deal for Iran's postal service.

As a consequence of the agreement, Brazil is likely to reduce oil imports from other Middle East countries.

Mr Santana was accompanied by 30 senior businessmen, some of whom remained in Iran to negotiate further deals.



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POLICY DOCUMENT ON DEFENCE

British costs in Gulf war put at £2.5bn

By David White, Defence Correspondent

BRITAIN'S part in the Gulf war cost approximately £2.5bn, according to the latest estimates in yesterday's defence policy document.

The sum covers the costs of deploying forces and bringing them back, over and above expenses such as service pay which would have been incurred anyway.

The final figure, however, could still not be finally determined, the policy document said. Recovery of equipment was not complete and decisions had yet to be taken on replacing items lost or damaged in the Gulf, which included seven Tornado fighter-bombers.

The costs would therefore be spread over several financial years. Already £780m was accounted for in the 1990-91 financial year, including £740m in extra provisions and £40m from the existing defence budget. The current financial year's budget figure had been expanded by £1.16bn, an increase of 5 per cent, to pay for the Gulf campaign.

Cash contributions from 10 countries – mainly Kuwait, Saudi Arabia, the United Arab Emirates, Germany and Japan – were expected to cover £2.03bn of the total British cost.

Work on evaluating the detailed lessons from the Gulf war and their implications for future defence programmes was unlikely to be completed before the end of the year, the Policy document said.

It warned: "We must be careful not to draw general conclusions from factors that were specific to this operation."

Almost a quarter of the main volume of the policy document is devoted to an account of events in the Gulf and the UK's role in them.

British forces' equipment "came up to expectations and in some cases exceeded them", it said. The lessons learnt would be an important factor in future procurement policy.

It highlighted the "dramatic effectiveness" of a range of precision-guided munitions and described the Multiple-Launch Rocket System (MLRS) as a "battle-winner". Army equipment was "generally effective" although Britain's Challenger 1 tanks and Warrior combat vehicles met only light opposition after the allies' initial thrust into Iraq.

The loss of six Tornados in missions over Iraq, which represented a proportionately high share of the combat losses suffered by allied aircraft, appeared to have no common cause, the policy document said.

Editorial Comment, Page 14

Continental group offers supporting role to Nato alliance

THE defence policy document says: to thrive, Nato needs a strong European pillar, in building this we see a central role for the Western European Union, which has a clear existing defence commitment binding its members together.

It already has close ties with Nato and has demonstrated success both in the 1987 naval operations in the Gulf and in the recent Gulf conflict.

In the British view the WEU can serve as a bridge between the transatlantic security and defence structures of Nato and the developing common political and security policies of the Twelve. The WEU could develop its traditional role as a forum for defence and security consultations with the aim of a more coherent input into the North Atlantic Council.

It would also need to develop close working relationships with the Alliance and the Twelve, but would be subordinate to neither.

In this way the Twelve could develop common foreign and security policies but defence would be left to the WEU.

To enable it to play this strengthened role its headquarters would need to move to Brussels where it could work alongside the other institutions concerned.

Equally important will be to ensure that the WEU has practical defence

POLICY IN EUROPE

substance. To this end we have elaborated ideas for the development of a European Reaction Force (ERF). This would be autonomous from Nato, with its own peacetime planning arrangements, and directed towards roles complementary to those of Nato - not least in the defence of international security outside the Nato area, building on the Gulf experience.

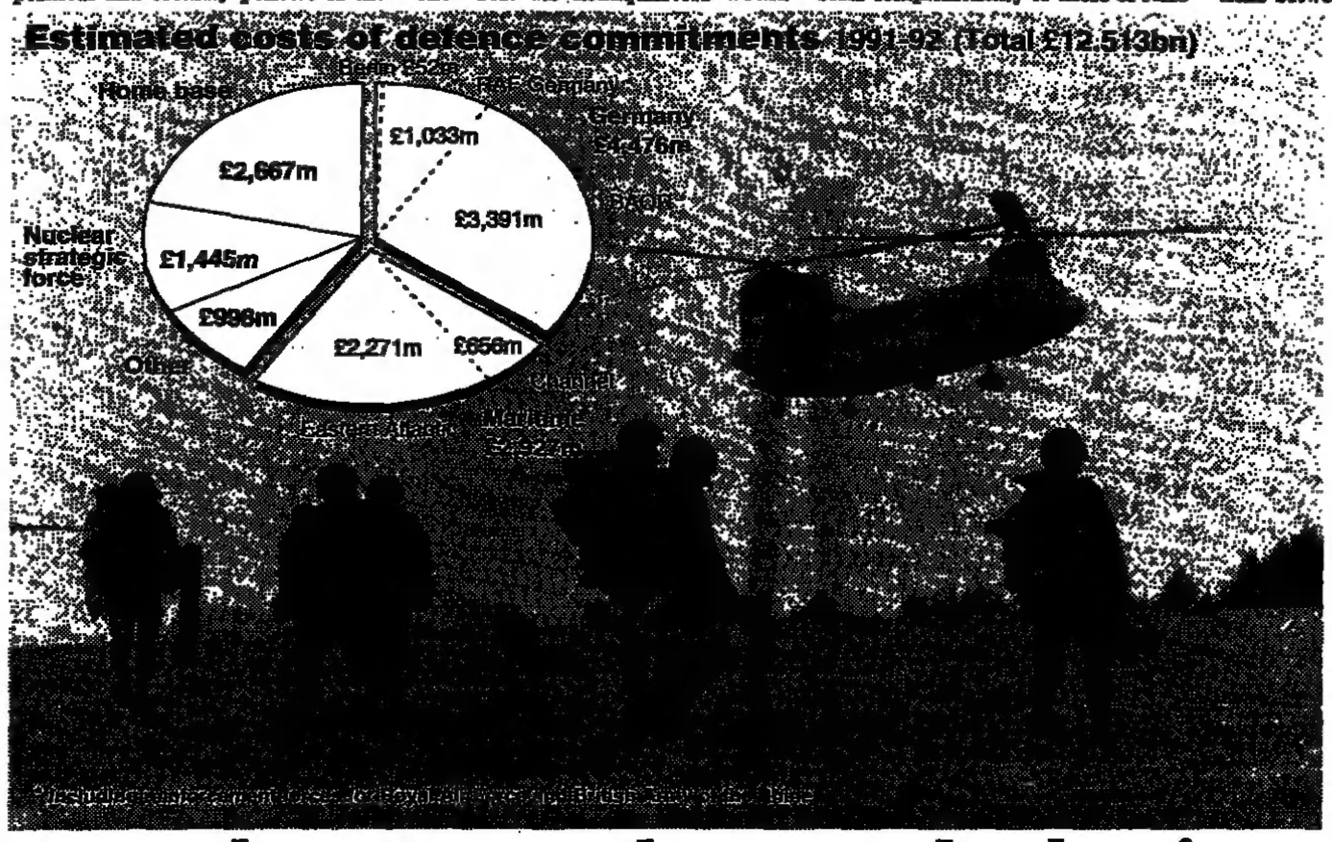
At the same time neither we nor any other country could contemplate or would wish to retain separate forces for Nato and the WEU. Any European force would, therefore, be drawn from forces allocated to the Alliance, along with national forces of countries not part of the integrated structure.

The heart of this concept is the complementary relationship between the institutions and open consultations between them.

Building totally distinct Western European defence entities, involving the eventual absorption of the WEU by the Twelve, would be disruptive of Nato. It would result in at least two classes of Nato European state and erode the principle of equal security for all.

It would erode the concept of Nato as a full partnership in which European and North American countries participated on the same basis.

To follow this route would be to invite confusion and a less reliable defence than we have enjoyed over the last 40 years.



Contractors likely to suffer as result of fewer orders

THE Ministry of Defence business currently supports about 450,000 British defence industry jobs, directly or indirectly, so the reductions in force levels proposed in Options for Change are of vital concern to defence contractors, according to the policy document.

The government says: "It is too early to say what the precise impact on industry will be – that will depend on detailed decisions on the future needs of the services – but it is clear that we shall require fewer items of equipment, with consequently reduced demand for support and spares.

Nonetheless, we are committed to maintaining modern well-equipped armed forces and there will continue to be a substantial defence equipment programme. The Ministry of Defence will remain British industry's largest single customer.

The impact of smaller orders and shorter production runs will vary between companies, depending on their success in competing for Ministry of Defence orders and in overseas sales and non-defence business – few companies are wholly defence-oriented. Some may choose to reduce the proportion of their defence business by diversifying into the civil market.

But that will be a matter of commercial judgment for the companies concerned. It is not for the government to seek to influence such decisions.

Increasingly corporate restructuring and competition between companies are occurring in a European as well as a national context.

Mergers and joint ventures between companies across national boundaries may bring the benefits of wider industrial collaboration while at the same time maintaining competition between rival international consortia.

From the customer's point of view there is a balance to be struck between the economies that should follow from reduced duplication of research

INDUSTRY

and development and production capacity and the continuing need for vigorous competition in both the domestic and international markets to promote efficiency and exert downward pressure on prices.

The efforts of the independent European Programme Group to create an open European market in defence equipment will continue to encourage and facilitate international competition.

We plan to spend £425m on defence research in 1991-92, representing about 17 per cent of planned research and development expenditure and 4 per cent of planned procurement spending.

It remains our aim to achieve a gradual reduction in government-funded defence research and development over the next decade, in line with the government's commitment that defence does not pre-empt an excessive share of the nation's scarce technological resources."

Reductions to involve natural wastage and some redundancies

THE POLICY document says: "Royal Navy and Royal Marines numbers will reduce, in line with the reductions in the size of the Fleet, from the present total requirement of around 63,000, including trainees, to around 55,000 by the mid-1990s (a total trained strength of 48,000 rather than 56,000 at the moment).

The reduction will be achieved so far as possible by natural wastage but may require a small number of redundancies. Related reductions will be made in the civilian personnel supporting the Navy.

Army numbers will reduce to about 116,000 by the mid-1990s from the present total strength of about 156,000, yielding a total trained strength of 104,000 rather than 144,000 today.

The reduction will be achieved so far as possible through natural wastage and careful control of recruitment, but a number of redundancies are likely to be needed to preserve age, rank and skills structures.

FORCE NUMBERS

We hope that for the most part redundancies will be voluntary, but there may be a requirement for some compulsory redundancies. We envisage a phased redundancy programme starting next year and lasting several years.

Inevitably the restructuring of the Army will mean the disbandment and amalgamation of units, including the loss of some regimental capbadges. Similar changes have occurred often in the Army's history to meet particular circumstances. The Army has always adapted well to these changes.

The regimental system itself will remain an important feature of the new Army.

There will also be extensive redeployment and restructuring of remaining personnel and units.

Implementing these changes will be a highly complex undertaking that will need to be carried through with sensitivity. In the Army there have been consultations, in particular with divisional Colonels-Commandant and Regimental Colonels, on how to proceed. As soon as these consultations have been completed we shall make detailed announcements.

Related reductions will also be made in the civilian personnel supporting the Army.

RAF numbers will reduce from the present 89,000 (including trainees) to around 75,000 (of whom about 4,000 will be under training) by the mid-1990s.

UK-based civilian staffs supporting the RAF will reduce gradually to 16,000 by the year 2000.

The number of locally employed civilians in Germany will be reduced by over 40 per cent within the next few years.

We attach great importance to the Volunteer and Regular Reserves of all three Services, who will continue to have a key role to play. We shall be examining more closely our requirements in this area, including the roles, size and number of Reserve units.

Our plans for the future restructuring of the armed forces following Options for Change also require a wide-ranging study of the balance between Regular and Reserve forces. This is now in hand.

BRITAIN IN BRIEF

Rifkind calls for cleaner vehicles

Mr Malcolm Rifkind, transport secretary, warned the motor industry that it must urgently find ways of making vehicles which emitted lower levels of carbon dioxide, the gas believed to be mainly responsible for global warming. He said cutting vehicle emissions would have to fall drastically if people were to continue enjoying the levels of personal mobility they took for granted today. The best chances of achieving this lay in obtaining higher levels of fuel economy with existing fuels or finding an alternative to those fuels.

Airline to order four new jets

Trans European Airways UK, based at Birmingham airport, is to pay £125m for four new jets. Two will be Airbus A310-300s for long-haul flights out of Birmingham, East Midlands, Gatwick and Manchester next summer. Mr Bob O'Donnell, managing director, said the Airbuses, and two new Boeing 737-400s, would mean the company expanding its workforce to 450 for next year.

London 'needs central council'

The Confederation of British Industry added its voice to those calling for a central administrative body for London, proposing a government-appointed London Development Agency. The CBI calls for a seven- to 11-member agency nominated by the Department of the Environment to plan economic development and act as London's "voice", promoting it at home and abroad. It would also co-ordinate transport and environmental improvements and supervise important planning applications.

Tony Andrews

Victory salute: Neil Kinnock, leader of the opposition Labour Party (pictured left), introduces his party's newest member, Peter Kilfoyle, to the House of Commons. Mr Kilfoyle won the Liverpool Walton election last week. The campaign was marked by the attempt of a left-wing splinter group to have its own candidate elected.

House prices fail to revive

Falling interest rates have failed to revive Britain's ailing housing market as prices and sales have continued to languish, a survey reports. The Halifax, Britain's biggest building society, said in the survey that sales last month had been particularly disappointing. The society's house price index, published monthly, barely moved last month. The average price of a UK house had increased by only 0.1 per cent. After allowing for seasonal variations prices had actually fallen by 0.3 per cent in June, said the Halifax.

Population growth in south

The number of people living in East Anglia and the south-west of England is expected to grow by about 15 per cent over the next 20 years, according to government figures.

In the East Midlands, the population is forecast to increase by 10 per cent in this period by the Office of Population Censuses and Surveys. Overall, England's population is expected to rise slowly from 47.7m in 1989 to 49.5m in 2001 and 50.5m in 2011.

Names threaten legal action

Legal action at the Lloyd's of London insurance market is set to escalate further. Names (members) of five syndicates hit by insurance losses in the past three years are being urged to take action by the Society of Names, an action group formed earlier this month by the former Conservative MP, Mr Tom Benyon. Names are the individuals whose capital backs the market's underwriting.

Motorists push up prices

Drivers of the UK's 3m company cars, many of whom do not know or care about repair and maintenance costs, have pushed up motoring costs to business and private users alike. But recession and higher taxation is forcing a sombre re-examination of company car policies with potentially profound consequences for the £12bn-a-year vehicle repair and servicing sector, according to a study. As companies curb their maintenance spending, the study predicts an increasingly fierce fight for after-market parts and service business between franchised vehicle dealers, "fast-fit" specialists and parts and accessories "superstores".

BT offers 7% pay rise

British Telecom, the UK's largest private sector employer, has offered 120,000 non-managerial employees a pay rise of 7 per cent. The proposed deal, raised from a previous 6.1 per cent and said by the company to be a "final offer", is considerably above the likely July inflation figure, predicted to be below 5.5 per cent. The National Communications Union said negotiators were not recommending the offer.

Gas could be cheaper

British Gas has told the Office of Gas Supply that it was not against reducing the prices it charges power station gas users. Mr James McKinnon, the regulator, is pushing British Gas to lower its prices as a way of ending the four-month row over gas supply to the UK's independent power projects.

Two consortiums planning to build power stations in the UK have threatened legal action against British Gas unless it agrees to provide them with gas at a price lower than 23p a therm.

London Zoo to close in 1992

London Zoo will close in September 1992 unless it identifies new sources of private finance, the governing council has decided. Ninety staff are to be made redundant and two-thirds of the animals will be transferred from the Regent's Park site in an attempt to reduce operating costs. The announcement mollifies warnings from officials in June that the zoo would close at the end of next month unless it received at least £2m in government support.

Gainsborough reaches record

A chalk drawing by Gainsborough, heightened by white oil paint, of a lady walking in a garden and holding a child by the hand, sold for £616,000 at Christie's. The price was a record for any English drawing. In 1905 Christie's had sold the picture for 1,000 guineas.

Falling inflation signals early cut in interest rates

By Rachel Johnson, Economics Staff

FRESH EVIDENCE emerged yesterday that inflation is being squeezed out of the economy by recession, increasing significantly the chances of an early interest rate cut.

Prices at the factory gate rose by 5.7 per cent last month, the lowest annual rate of increase for more than a year, the Central Statistical Office (CSO) announced. The output price index, which rose by 0.3 per cent to give an annual increase of 6 per cent in May, stayed unchanged in June.

The pound slipped only slightly as the producer prices data gave the government justification to cut rates.

Hopes of a cut will intensify towards the end of the week. Friday's retail prices index is expected to show a fall in headline inflation to an annual rate of 5.6 per cent last month, from 5.8 per cent in May.

Sterling's relative strength on the foreign exchanges over the past few weeks – as the D-Mark has weakened against the dollar – has given the government room to cut rates. Sterling has been trading just beneath its DM2.95 central rate in the European exchange rate mechanism.

However, the Bundesbank council meeting tomorrow – its last before the summer break – could still tie the government's hands. If the Bundesbank raises German interest rates to fight inflation and protect the D-Mark, it is less certain that the UK will risk lowering rates the following day. Instead, it would wait to see how the markets settled down after what would be the first tightening in German monetary conditions since January.

The separate index which strips out volatile food, drink and tobacco – the key measure of underlying inflation at the Treasury – also surprised analysts by showing a sharper-than-expected fall to 5.2 per cent, after 5.5 per cent in May.

Mr Roger Bootle, UK economist at Greenwell Montagu, the stockbroker, said: "It's yet another example of a key number turning out to be better than expectations, as analysts consistently underestimate the weakness of demand."

In the markets, the figures were seen as tipping the balance towards a cut on Friday in the bank base rate to 11 per cent, from 11.5 per cent.

The sterling three-month interbank rate – which shadows the base rate – sank towards 11 per cent in anticipation of an imminent cut.

Lex, Page 16

Britons told to consume less sugar and fat in food

By Guy de Jonquières and Clive Cookson

A STEADY reduction in consumption of sugar and fats and increased use of olive oil in the British diet are recommended in a report on food and health published yesterday.

The report, commissioned by the Department of Health, is part of a growing government drive to encourage healthier living. It is claimed to be the most comprehensive and up-to-date study of nutrition in the world.

The report says sugar is a big cause of dental decay and recommends that national consumption should fall from 18 to 10 per cent of energy intake.

Fats should drop from 38 per cent to 33 per cent - and even more sharply for animal fats, a cause of heart disease. This should be offset by more use of vegetable oils.

The report is based on an exhaustive analysis of medical evidence. It lays down broad dietary guidelines for use by nutrition experts, food processors and caterers and is expected to be followed by a public education and information campaign.

Dietary Reference Values for Food Energy and Nutrients for the United Kingdom.

Background, Page 14

Accounts in Iraqi bank to remain frozen

By Raymond Hughes, Law Courts Correspondent

PLEAS by the Iraqi Embassy in London and two Iraqi state organisations for payments from their accounts frozen in the London branch of Rafidain Bank have been turned down by the High Court.

The business of Rafidain, an Iraq state-owned bank, has been at a standstill since international sanctions were imposed after Kuwait's invasion.

Sir Nicolas Browne-Wilkinson, the Vice-Chancellor - the senior Chancery Judge - yesterday rejected an argument that the retention of their funds conflicted with Iraq's right to sovereign immunity.

Since Iraq broke off diplomatic relations with the UK in February its interests have been looked after by the Jordanian Embassy's Iraqi interests section. The Bank of England is seeking the compulsory winding-up of Rafidain Bank which, the judge said, was "hopelessly insolvent".

On Monday the judge adjourned the winding-up petition for 12 months, it having been agreed that it must await a diplomatic or political solution of the Iraq situation.

His ruling yesterday was made on an application by the provisional liquidators of Rafidain, who have reported a deficiency of not less than £3bn. They had asked the court whether they should accede to payment requests from the embassy, Iraqi Reinsurance Company, and Iraqi Airways. Sir Nicolas said the embassy had over £34m at Rafidain; Iraqi reinsurance had balances of over £700,000 and $4m; Iraqi Airways had lesser amounts.

The embassy applied for about £160,000 to meet existing commitments and £60,000 a month for operating costs. It also wanted a substantial, but unspecified, sum to provide for Iraqi students in the UK who, with their families, depended for their maintenance and fees on Iraqi government payments made to the embassy.

The judge said he had sympathy with Iraqi students and their families. However he had no jurisdiction to authorise payments to the embassy.

Pension holiday prevents loss for Post Office

By Roland Rudd

BRITAIN'S Post Office would have made a significant loss in the last financial year had it not been able to waive its contribution to its employee pension funds. The move enabled Sir Bryan Nicholson, Post Office chairman, to announce yesterday profits above the government target.

After exceptional items of £106m – relating to the reorganisation of Royal Mail, the letters division, and Parcelforce – the Post Office made pre-tax profits of £47m. This is a 60 per cent fall on last year's figure of £116m.

Since the pension fund was in surplus management was able to waive its contribution of £132m and use the money to offset a trading loss of £85m.

After 14 successive years of profits a loss would have been a considerable setback for the corporation, which is under government pressure to become more competitive.

Sir Bryan Nicholson

Mr Alan Tuffin, general secretary of the UCW postal workers union, said he was "furious" that management had used their contribution to the pension funds to offset a loss.

Sir Bryan said management, which often made up a deficit in the pension funds, was entitled to waive its contribution when the funds made an unexpected surplus because of successful investment.

Sir Bryan explained that if the pension funds had not performed so well he would not have proceeded as fast with the restructuring of Royal Mail and Parcelforce, so would not have made a loss.

He said management's contribution to the pension funds was £106m – the same amount as the exceptionals. The £132m figure included £26m of reduced management contributions from last year.

Turnover for the whole group increased from £4.5bn to £4.7bn.

The accounts show that Royal Mail and Parcelforce made a combined loss of £10m compared to last year's profit of £32m.

However, when they are divided, as they will be from next year, Royal Mail made £171m profit before exceptional items, while parcels made a £75m loss. Sir Bryan said he could not rule out the possibility that the reorganisation of the two groups could lead to further exceptional items next financial year.

In an effort to make parcels break even by the end of the year the Post Office is shedding 550 administrative jobs and closing down more of the division's operational centres.

Post Office Counters increased its taxable profits from £12m to £28m.

Sir Bryan's pay rose almost £25,000 last year to £149,195. He said his basic salary had gone up just 8 per cent at a time in the last financial year when inflation was 8.1 per cent.

A large part of the £24,445 overall wage rise resulted from performance-related bonuses.

The annual accounts also disclosed that four of the other 10 Post Office board members were paid in the region of £110,000 to £125,000.

Consumers to win rights as election looms

Guy de Jonquières examines the government's rapid assembly of a bill for spenders

WHEN Mr Edward Leigh, the consumer affairs minister, announced plans for a consumer bill last week he described the measures as an important development that illustrated the government's commitment to keeping the consumer at the centre of the stage.

The proposed bill, promised for early in the next parliament, seems likely to meet many – although by no means all – of the demands made by consumer lobby groups and the Labour party.

But the government's eagerness to pose as consumer champion seems at odds with the time it has taken to assemble a legislative package, much of which is based on recommendations made by advisory bodies several years ago.

For instance, a planned updating of the 98-year-old Sale of Goods Act was urged by a Law Commission report in 1987.

In part, the government is making a virtue of necessity, since legislation will be required anyway by the European Community for its plans to harmonise contract terms. It was another EC directive, on product liability, that prompted the last big piece of UK consumer legislation, the 1987 Consumer Protection Act.

A more cynical explanation may be that a general election is approaching and there may be a desire to extend the quest for ballot-box appeal in a direction already pioneered by the proposed Citizens' Charter.

However, Mr Leigh also seems sensitive to the risk of appearing too much of an activist. Apparently in an effort to pacify the right wing of his party, he went to great lengths to argue last week that wielding the visible hand of government did not signal any loss of faith in the free market.

Consumer organisations have welcomed the bill as a step in the right direction, although they are reserving final judgment until details are published in a white paper which is due shortly.

The government plans action in five main areas:

- Introducing a "good faith" principle in contracts law. That is intended to outlaw unfair or deceptive terms and exclusions set by suppliers and would give consumers the right to have a contract reopened if it discriminated unduly against their interests.

That would align UK law with a draft EC directive being negotiated in Brussels. However, the government opposes other features of the directive, notably a plan to "blacklist" specified types of contract provision.

Leigh: promising redress

- Obliging retailers to share responsibility for manufacturers' guarantees and making manufacturers and importers liable for the quality and safety of the goods they supply.

The value of guarantees has been increasingly questioned, on the grounds that many are misleading or that they lapse if a supplier goes out of business. An Office of Fair Trading (OFT) survey found in 1986 that as many as one in five consumers claimed that guarantees ended in dissatisfaction.

- Enhancing consumers' rights to reject or obtain refunds on unacceptable products by updating the Sale of Goods Act. The vague requirement on suppliers to sell goods of "merchantable quality" would be replaced by a criterion of "satisfactory quality", covering fitness for use, appearance and finish, freedom from minor defects, safety and durability.
- Amending the Trades Description Act to include services as well as goods.
- Strengthening the powers of the OFT to crack down on "rogue traders", notably in businesses such as timeshares and garages.

Consumer organisations agree that those proposals are essential to achieve the better deal they have been seeking. However, they fear that the impact of the bill may be weakened by the government's unwillingness to increase consumers' right to reject faulty goods.

Their concern was highlighted by a 1986 court case brought by a car buyer whose vehicle broke down three weeks after delivery. The court turned down his claim for a refund, partly on the ground that he had not rejected the car soon enough.

In the US, "lemon laws" entitle purchasers to automatic refunds or replacements for faulty consumer durables. However, a bill by a Mr Martyn Jones, the Labour MP for Clwyd South West, to introduce similar protection was defeated last year after the government argued that it would be unworkable and would impose excessive burdens on manufacturers.

None the less, Mr Maurice Healy, director of the government-sponsored National Consumer Council, believes the government has gone some way to correct the balance by including durability among the definitions of acceptable goods.

There is also uncertainty about how vigorously other aspects of the bill will be enforced, since Mr Leigh has yet to spell out the additional powers he has in mind for the OFT. He has also promised to look at ways of improving procedures available to consumers seeking redress, but has made no firm commitments.

Whether his consumer rights bill sees the light of day will depend on the outcome of the general election. Still, the Labour party's commitment to extending consumer protection, along with Brussels' growing role in policy, make it a near-certainty that legislation will surface in some form during the next parliament.

FT LAW REPORTS

New Zealand brokers must name clients

[redacted] ZEALAND STOCK EXCHANGE AND ANOTHER [redacted] COMMISSIONER OF INLAND REVENUE

Privy Council (Lord Keith of Kinkel, Lord Brandon of Oakbrook, Lord Templeman, Lord Oliver of Aylmerton and Sir Robert Megarry): July 1 1991

THE INLAND Revenue of New Zealand, in the exercise of its function of seeking out undisclosed taxable income, has power to request production by sharebrokers and bankers of the names of unspecified clients and details of those clients' dealings in shares and commercial bills.

The Privy Council so held [redacted] dismissing an [redacted] the New Zealand Stock Exchange and [redacted] National [redacted] of New Zealand Ltd, from [redacted] of the [redacted] Court of Appeal, that the Commissioner of Inland Revenue had power to request info[redacted]tion concerning unspecified clients.

Section 17(1) of the Inland Rev[redacted] *Department Act* [redacted] of New Zealand provides: "Every person . . . shall, when required by the Commissioner . . . furnish in writing any information and produce for inspection any books and documents which the Commissioner . . . considers necessary or relevant to any purpose relating to the administration or enforcement of any of the Inland Revenue Acts."

LORD TEMPLEMAN giving the judgment of the judicial committee, said that income tax was levied for the benefit of the community. It was the Commissioner's duty to see that income was assessed to tax, and that the tax was paid.

By accident or design a taxpayer might default in his obligation to furnish a return, or to disclose all his assessable income.

In order to discharge his duty of assessing and recovering tax on all taxable income, the Commissioner must dis[redacted] the names of taxpayers and [redacted] respective [redacted] and amounts [redacted] assessable income.

Under section [redacted] of the [redacted] Department [redacted] 1974, [redacted] required some members of [redacted] Stock Exchange to produce a list of their largest clients and details of their purchases and sales of shares.

He also required the National Bank and some other banks to produce the names and details of customers who had bought and sold commercial bills.

The Stock Exchange, acting in the interests of all its members, and the National Bank, acting in the interests of banks generally, sought and obtained from Mr Justice Jeffries, a declaration against the Commissioner.

The issue was whether, under section 17, the Commissioner had power to require information except in respect of a named individual whose tax affairs were under investigation.

The Court of Appeal quashed Mr Justice Jeffries's order. The Stock Exchange and [redacted] bank now appealed.

Section 17 was expressed in the widest terms. The appellants sought to imply in section 17 a limitation whereby the Commissioner might only require information where he had a specified taxpayer in mind, in respect of whom there was a serious question as to his tax liability.

It was impossible to insert that limitation [redacted] statutory construction.

The limitation could only be inserted as a matter of policy by judicial legislation on the ground that parliament could not have intended to confer on the Commissioner a power so wide as not to be subject to such a limitation.

Two reasons were suggested for insertion of the proposed limitation.

First, the Commissioner was seeking confidential information. Second, he was imposing on sharebrokers and bankers an onerous burden of research and report.

If the Commissioner, exercising his powers under section 17(1), required the bankers of a specified taxpayer under investigation [redacted] produce information about [redacted] activities, [redacted] confidentiality which attached to the banker/customer relationship must be broken.

The whole rationale of taxation would break down and the whole burden of taxation would fall only on diligent and honest taxpayers if the Commissioner had no power to obtain confidential information about taxpayers who might be negligent or dishonest.

In recognition of the fact that confidential information could not be concealed from [redacted] Commissioner, the 1974 Act imposed stringent restrictions [redacted] him. [redacted] 13 required [redacted] Revenue officers [redacted] maintain the secrecy of all [redacted] relating to the taxing statutes, [redacted] make statutory [redacted] and secrecy. There were other provisions designed [redacted] secure the secrecy [redacted] information obtained by the Commissioner [redacted] of every [redacted] payer.

There was no distinction [redacted] the secrecy and confidentiality which attached to an identified taxpayer and a non-identified taxpayer.

Confidentiality must be broken if the Commissioner was to obtain the information to enable him to carry out his statutory functions of assessing and collecting tax. Every taxpayer was protected by the secrecy obligation imposed on the Commissioner.

If the appellants' argument was correct, confidentiality did not assist the taxpayer who made an honest return of his income, or the dishonest taxpayer who was under investigation. It assisted the dishon[redacted] taxpayer who concealed both his identity and his liability to [redacted] the Commissioner.

The appellants relied on *CIR v West-Walker* [redacted].

In that case the Commissioner sought information about a taxpayer from his solicitor, and the court held he was entitled to withhold information to which the Common Law legal professional privilege attached. The Commissioner was entitled to ask, but the solicitor was entitled to decline to answer without his client's consent.

In the present case the appellants denied the Commissioner's right to ask for the information.

Under the Common Law, legal professional privilege formed a defence to a claim for information.

The court in *West-Walker* held that in the absence of any express provision in the income tax Acts abrogating the principle of legal professional privilege, it excused the solicitor from supplying privileged information to the Commissioner.

West-Walker was of no assistance in the present case where it was manifest and was conceded that the principle of confidentiality was abrogated by section 17.

Mr Barton for the appellants prayed in aid section 21 of the New Zealand Bill of Rights Act 1990, which provided that "Everyone has the right to be secure against unreasonable search . . ."

Having regard to the secrecy provisions of the 1974 Act, and to the fact that in the interests of the community the Commissioner was charged with ensuring that the assessable income of every taxpayer was assessed and the tax paid, the "search" involved in the application of section 17 was not "unreasonable".

The appellants contended that the Commissioner had exceeded or abused the powers conferred on him by section 17 by making demands on sharebrokers and bankers which were *onerous and expensive to* obey.

In the case of sharebrokers they were asked to supply lists of their largest clients together with details of their share dealings. Bankers were asked to identify investors in commercial bills and to give details of each investment cost and realisation.

One sharebroker complained he was asked for information over a 12-month period, and that he only had information over 11 months because a merger had taken place.

The Commissioner had demonstrated he was prepared to modify his requirements to meet any particular genuine difficulty.

Every sharebroker [redacted] banker would understandably [redacted] receipt of a notice [redacted] the Commissioner requiring information about his clients. Every sharebroker or banker would [redacted] the time and [redacted] in complying [redacted] the notice.

[redacted] the Commissioner must carry [redacted] his functions of ensuring that assessable [redacted] and that the relevant tax was paid.

The court could only interfere if it was satisfied that in making a particular requirement the Commissioner had exceeded or abused his powers.

The Court of Appeal decided that as a matter of principle and construction the Commissioner was entitled to require information concerning a class of unidentified possible taxpayers. Their Lordships agreed with the Court of Appeal.

The appeal was dismissed.

For the appellants: GP Barton QC, RA Dobson and RJ Cullen, all of the New Zealand bar (Simmons & Simmons).

For the Revenue: JJ McGrath QC, Solicitor-General, GD Pearson [redacted] all of [redacted] Zealand bar [redacted] Overy).

Rachel Davies

[redacted]

MANAGEMENT

Cheese puts the smile back into Perrier

William Dawkins charts how the French group is putting its problems behind it

J[illegible], chairman [illegible] Source Perrier, [illegible] world's leading mineral [illegible] pany, arrived in London last week on an important mission.

It is almost exactly a year since the 67-year-old former manager of a chain of French family grocery stores took over the chairmanship of the Source Perrier. His appointment came in the wake of the gravest crisis the company has known since it was founded in southern France by a Dr Perrier in 1898.

[illegible] mission [illegible] convince sceptical stockbroking analysts in London and Edinburgh that Source Perrier was back on track after last year's disastrous discovery of traces [illegible] benzene in US stocks of its best [illegible] bubbly mineral water.

*The fiasco obliged Perrier to with*draw its entire world stocks of 160m bottles, in what has [illegible] *of* crisis management. The company won praise from marketing consultants for the courage of its gesture but was equally [illegible] the several days of dithering before it decided to act.

The benzene incident also signalled the end of the career of one of the grand old men of corporate France. He is the 77-year-old Gustave Leven, a former stockbroker with a genius for marketing, who bought a run-down Perrier from its then English owners in 1948, and built it into one of France's best known international businesses.

The incident finally persuaded Leven to stand aside for Vincent, the hard-talking chairman of the Exor investment group. Exor also owns the Château Margaux premier claret, which over the years had built up minority control of Source Perrier.

Vincent is determined not to become obsessed with the individual problems of the Perrier brand; not to let the crisis obscure his vision of the group as a whole, with its 18 other mineral waters and Roqefort cheese-making business, also a world market leader. "There is no reason to sacrifice everything to re-impose this brand upon a public which is probably a bit fed up with it anyway. There are other challenges to follow which are perhaps more interesting..." he says.

His message is that Source Perrier is much more than one well known brand, [illegible] the impact of the crisis on the group's fortunes is limited and that the organisational weaknesses that made the benzene accident possible have been corrected. Over the past year, he has also focused the group more onto its two core businesses, water and Roquefort, by selling off peripheral activities in soft drinks, small country cheeses and yoghurt.

Perrier is only the fourth largest of the group's mineral waters by volume, though not by value. Others include Contrex, Volvic and Vichy in France, Arrowhead in the US, and Buxton in the UK, together producing just under two thirds of turnover. Most of the rest of group sales comes from Roquefort cheese, *of which* Source Perrier is the world's largest producer, Sorrento, the largest supplier of Mozzarella cheese in the US, a *small catering business and a thermal* bath in Vichy.

The fall-out from the benzene scare sounds [illegible] worse for [illegible] group's *finances than it really is.* The cost of destroying stocks and mounting an advertising campaign to win back consumers' confidence is FFr1.25bn (£125m). Sales of the Perrier brand fell – by 48 per cent in the US alone last year – part of the overall 18 per cent fall in group sales to FFr16.8bn last year. In the first five months of this year, sales of all the group's mineral water brands were up a fraction by volume, although Perrier brand sales were down 14 per cent.

Yet even after all the problems, Source Perrier's net earnings rose 35 per cent to FFr359m last year. A one-off FFr1.2bn profit from the sale of its soft drinks division nearly covered the cost of the benzene debacle. The result also reflected the group's limited exposure to the Perrier brand, which accounted for group sales of only FFr1.9bn out of a total of FFr13.6bn.

Vincent's main priority in restoring the fortunes of the Perrier brand is to have the green bottles available in the same number of outlets as before the crisis. It has currently achieved 70 per cent of its old penetration in restaurants and bars.

Much more important is a rethink of the way all of Source Perrier is organised, says Vincent. Over the past year, he has tried to get to grips with the root of the benzene crisis by appointing the mineral water division's first quality control director and a scientific research and advisory team. Wider innovations include a roving finance director who is intended to act as a troubleshooter for under-performing divisions, and for the first time a director – just [illegible] – [illegible] co-ordinate the non-mineral water businesses. These were previously managed under separate operational heads, reporting directly to the chairman.

"I want to work together with my managers. Under the old regime I had the impression that the head office management and people responsible on the ground were rather separate. We have to create better co-ordination between colleagues at all levels," says Vincent.

By the end of this year, Vincent *plans to appoint a food industry man*ager to run Source Perrier alongside him for two to three years, and eventually to succeed him. Vincent is *clearly keen to pave the way now for* a smoother transfer of power than the last one.

In the end, Leven's departure was reasonably amicable, finalised [illegible] a private dinner between the pair at the former chairman's country home near Vergèze, where Leven is now enjoying a sun-drenched retirement.

Yet it came after three years in which Exor found it frustratingly impossible to impose the kind of reforms only now being carried out, despite having a majority on the Perrier board and a 35 per cent shareholding, nearly double the 18 per cent held by the Leven family.

"French law gives enormous powers to the chairman... It was quite natural that the previous president, who has been in 100 per cent charge of the company for the past 40 years or so was a little fixed in his ideas – and I don't mean fixed in a bad sense," says Vincent.

Beyond these management reforms, Vincent has not seen fit to make any big strategy change in Source Perrier's mineral water division. Source Perrier is highly integrated and Vincent believes this should continue. Not only does the group make its own bottles, labels and caps, it even owns a sand quarry at Mont Ventoux to supply the Vergèze glass bottle plant.

Vincent does not see room for major expansion in the mature French mineral water market, but is seeking acquisitions elsewhere in Europe. Source Perrier is already planning to start production next September from a new spring in the Belgian Ardennes. The group wants to improve its geographical coverage of the US – where its various brands hold 30 per cent of the market. To help achieve this, its US branch made a $150m capital increase in May.

While the cheese division has had a lower public profile than mineral water, its strategy needed even more radical attention from the new mas[illegible] Apart [illegible] Roquefort, [illegible] inherited Valmont, which owned more than 100 small cheese brands, and Jean-Jacques, a producer of "natural" yoghurts – which was struggling against competition from the BSN food and drinks giant. Both have been sold to Besnier, the leading French dairy group.

Source Perrier is a high volume business and had no future selling in small amounts to fragmented markets. Vincent plans to hold on to Sorrento in the US, but is looking for an equity exchange with another US cheese supplier to help it extend its product range.

Like BSN, its main rival in mineral waters, Source Perrier has increasing – though indirect – links with the Agnelli family in Italy, which has an extensive French industrial share portfolio. Ifint, the international arm of the Agnelli family holding company, acquired 13.5 per cent of Exor last January. It has since acquired an option to go up to just over 21 per cent, exciting stock market speculation that it might one day seek control. This is, naturally, denied by Exor.

Most of the shares sold to Ifint came from Corinne Mentzelopoulos, [illegible] family [illegible] have majority control of Exor and which used to own the Felix Potin grocery chain, where Vincent cut his teeth as a manager. Exor sought the share exchange with Ifint, which has turned Mentzelopoulos into the second largest shareholder in Ifint, as a way of bringing a second loyal family into the investment group, he explains.

So for the time being, ownership of both Source Perrier and Exor is secure. Far from being made vulnerable to takeover by the benzene crisis, Vincent will aim to persuade the financial community that Source Perrier has emerged from its trial stronger in every way. Whether they believe him or not, a remarkable revolution has taken place at Source Perrier; it is the latest company to adopt the more open management approach that has grown across French industry in recent years.

Trevor Humphries

Jacques Vincent: bubbling over with [illegible] after a year as chairman

Why employees leave their jobs

Pay [illegible] not [illegible] factor, reports **Diane Summers**

People do not leave their jobs [illegible] money. Those who [illegible] and those who stay are equally dissatisfied.

Some managers may be more comfortable blaming external factors, such as pay, for high staff turnover. But they will probably be disappointed if they attempt to improve [illegible] of empl[illegible] solely by [illegible] pay. In[illegible] such as recruitment, induction, [illegible] progressi[illegible] and line management are also likely to warrant attention.

These are among the main conclusions of a report on [illegible] retention about to be published by [illegible] Institute [illegible] Manpower Studies.* The report outlines [illegible] to calculate whether [illegible] organisation has a retention problem; how to categorise leavers so that remedial action can be targeted; and how to calculate turnover costs.

More important, it spells out the reasons, apart from money, for people quitting their jobs. Here are leavers' top grouses, [illegible] collected by [illegible]

"The job [illegible] what I thought it was going to be."

Early disillusionment and departure [illegible] when jobs [illegible]ld. Recruitment literature, advertisements and interviews should not fuel unrealistically high expectations.

"I just got thrown in at the deep end."

Lack of attention and guidance from the line manager in the early weeks [illegible] mean the new recruit [illegible] feel part of the [illegible] Confidence will be dented and commitment undermined if new employees find themselves in high-pressure jobs with little or no training.

"The job was boring."

When employees say their jobs are boring it usually means they feel a lack of autonomy and control over the sequence of tasks or pace of work; lack of responsibility; lack of variety; and lack of challenge, particularly for individuals who do not feel their skills are being fully used. Strategies which allow increased variety and scope for decision-making are particularly effective when applied to groups or teams.

"It wasn't fair that I didn't get promoted."

Disappointment with promotion and development opportu[illegible] is [illegible] those who resign. Employees often perceive the speed of promotion to be widely variable and inconsistently applied by different managers. Performance management systems are frequently seen as open to bias [illegible] employees are often [illegible] the [illegible] against which they are judged.

"I didn't hit it off with my [illegible]"

[illegible] management [illegible] an important daily impact – at best, it can substantially increase satisfaction; at worst, it can have far-reaching and damaging consequences. Young workers, in particular, may [illegible] quickly disillusioned if they are exposed to ineffective or widely inconsistent standards of management.

To emphasise the importance of this last point, IMS quotes a recent group of leavers who were asked to contrast the quality of supervision they had expected with what they had actually received. Most of the leavers felt that managers held the key to keeping staff and pointed to differing turnover levels within different departments of the same organisation.

These leavers had expected their line manager to provide constructive feedback; generate respect and loyalty; assess performance fairly; allocate interesting and challenging work; and support their staff.

In reality, they claimed to have experienced unapproachable, uncaring and distant behaviour from their bosses, as well as complaining that their bosses had favourites and failed to consult their staff.

The line managers concerned would no doubt be the same group that would remain wedded to the more comfortable notion that external factors, such as pay, are the greatest influence on the retention of staff. Such managers may be interested to know that IMS found that the offer of a pay increase would bring under 10 per cent of would-be leavers back to the fold.

**Staff Retention – a manager's guide. Report No. 203 by Stephen Bevan. Institute of Man[illegible] Studies, University of Sussex, Mantell Bu[illegible]ng, Falmer, Brighton BN1 [illegible]. £18.*

BUSINESS AND THE ENVIRONMENT

Victoria Griffith visits a Brazilian city that was shut down because of excessive pollution levels

The fight to escape from a black hole

Just 35 miles south of São Paulo the highway to the Brazilian coast descends from a mountain paradise of trees and waterfalls to what looks like a futuristic nightmare – the city of Cubatão.

Metal chimneys belching fire and smoke loom above the [illegible] town, which has the dubious honour of being the first and largest industrial park in Brazil. [illegible] main areas of activity are cement, steel, fertilizer and oil refineries.

Nearing the city, [illegible] experience a tickle in the back of their throat, a reminder of the [illegible] levels of pollution which in the 1970s earned Cubatão its unenviable nick name – the Valley of Death.

[illegible] week, this scene [illegible] the backdrop to an ecological nightmare, as pollution levels soared to four times their acceptable level. Faced with a [illegible] disaster, the governor [illegible]ulo declared a state of emergency in the city, and ordered the town's 23 industries to shut down for 24 hours.

A "thermal inversion" was responsible for the crisis, trapping factory emissions and causing pollution levels to soar to 2,000 micrograms of particles per cubic metre. According to Cetesb, the São Paulo environmental agency, readings of more than 500 micrograms per cubic metre can cause premature death in infants and the elderly, and put those with respiratory illnesses and heart conditions at risk.

The crisis was short-lived. By Thursday last week pollution levels had been reduced substantially, and the city began to breathe again. Luiz Fleury Filho, governor of São Paulo, lifted the state of emer[illegible] and the factories recommenced their [illegible] belching activities. But the *stoppage had already taken its* toll.

According to Ciesp, [illegible] local industry representative, the work stoppage cost Cubatão's factories [illegible] (£2.3m). [illegible] have enough of a profit cushion to bear these kind of losses," said a spokesman.

The news is discouraging to the Cubatão industrial community, which [illegible] already [illegible] $350m into pollution [illegible] over the past six years. [illegible]ing to Ciesp, if [illegible] and gardening bills were included, that figure *would rise* to $800m. "It's doubtful that we will [illegible] able to stand many more incidents like this," said *Walter de Oliveira, president of* the fertilizer group Indag.

Under normal circumstances, the loss would have been a mere drop in the bucket for these industrial dragons. But times are hard *for Cuba*tão. Brazil is in the middle of a deep recession, severely denting their profits. "Within the year," said De Oliveira, "at least two fertilizer groups will be forced to close their doors due to deteriorating profits."

According to Valter Lazzarini, president of Cetesb, the state may also insist on the closure of the Cosipa steel factory, the valley's largest employer, *for its failure to* comply with environmental controls. During the state of emergency last week, Cosipa was the *only factory in Cuba*tão which refused to suspend operations.

The company has also been slow in complying with environmental controls. "Cosipa has not followed controls as we would want," said Lazzarini. "We may have to take more drastic measures." Cosipa is an exception.

In general, Cubatão's factories have been co-operative in *the clean-up campaign* which the city has waged over the [illegible] decade. Just six years ago [illegible] was surrounded by *blackened* ground. *In some* areas nothing but a few withered tree trunks remained of what had once been verdant forest. Poisons from the factories turned the valley's rivers *into lifeless, black cesspools.* Diarrhoea, caused by drinking contaminated water, was the major cause of death among Cubatão's infants.

In February 1984 misery became disaster as a gas leak from a pipeline under a Cubatão slum set off a fire which claimed at least 99 lives. Soil erosion caused by the death of the forests was responsible for the next crisis, which occurred in January 1985.

That month a mudslide hit a factory, releasing a mass of ammonia gas. The town was *forced to evacuate some 5,000* inhabitants from a nearby shanty town. Ironically, by the time the disasters occurred Cubatão was already on the road to recovery.

In 1981, concerned local environmentalists formed a group called Valley of Life. The group turned out to be Cubatão's best hope for a decent quality of life. With the backing of the state of São Paulo, the activists *waged a 10-year war on pollu*tion in the valley, forcing companies to comply with existing regulations.

*During the clean-up cam*paign, Cubatão's factories reduced their output of organic wastes by 93 per cent, and of heavy metals by 97 per cent. Overall emissions of air pollut*ants in the valley were cut by* 72 per cent.

Most of the inhabitants of the industrial zone were permanently evacuated. Today, just 150 families live within the industrial park's limits, Cubatão's most polluted section.

A replanting campaign was also initiated. The rivers have begun to live again, although according to Cetesb it will take another 10 years before Cubatão's fish become safe to eat.

In view of the improvements, ecologists were beginning to view Cubatão as a shining [illegible] *of the benefits of envi*ronmental controls. The town's mayor had planned to bus in observers from next year's Eco-92 conference in Rio to see the improvements first hand.

After last week's events, however, things have changed. Cetesb said the pollution [illegible] may have been high enough to kill most of the green areas surrounding the factories, undoing years of work.

*The city also suffered a pub*lic relations blow. Brazil's television stations ran sensational reports showing children barely *hanging on to life* at the end of oxygen masks. "Those children [illegible] ill [illegible] the [illegible] of emergency," claimed Emilia Hashimoto, a [illegible] the local hospital.

Cubatão [illegible] week was [illegible]ing with resentment and frustration. After all the [illegible]ment and work it was a shock for the town to realise that [illegible] had not yet [illegible] from the dangers of pollution, or [illegible] public image that pollution had created.

Not surprisingly, many inhabitants denied that there had been a crisis at all. "I didn't notice a thing wrong," said a factory worker, sporting an anti-pollution mask. "It was a beautiful day when they called a state of emergency."

Cubatão's frustration is easy to understand. After all the investment and work, the city still lives on the verge of crisis. Infant mortality rates are high, at 33.6 deaths per 1,000 children. And a study conducted in recent years by the University of São Paulo claimed that Cubatão children have 5 per cent less lung capacity than the national average.

According to Cetesb, last week's crisis could easily happen again. Despite years of trying to bring itself back to life, *Cubatão still faces some $40m-50m* in investments to comply with Cetesb's regulations.

Cubatão's location does [illegible] *help* [illegible] *The town nestles* up against a 2,800-foot mountain range, which blocks [illegible] dispersion of pollutants. "I think companies should think carefully [illegible] the geography of a place [illegible] they decide on where to build a factory," said De Oliveira.

Now that several Cuba[illegible] companies appear to be on the verge of economic collapse, and Cetesb is threatening Cos[illegible] with closure, Cubatão may [illegible] closer than ever to an environmental solution. "We try to work together with the companies to improve the environmental situation," said [illegible] Alejandro, the local Cetesb representative. "But [illegible]o's location is unsuit[illegible] industrial park. From an environmental point of view it would be best if the factories simply relocated."

Unfortunately for the town's inhabitants, however, an environmental victory may bring economic disaster. The closure *of the fertilizer plants and Cos*ipa would shed thousands of [illegible] And because of the area's environmental reputation, *attracting clean industries* would be difficult. Despite 10 [illegible] of work, Cubatão's inhabitants continue to live [illegible] an *ominous* mass of smog. For many of them, there is simply no where else to go.

Pollution levels were so high in Cubatão last [illegible] of emergency was declared

UK pollution reform is less than a clean sweep

John Hunt on what John Major's proposals for an environmental protection agency mean to industry

John Major's proposal for an environmental protection agency *to provide* Britain with *an effective centralised system of pollution* regulation leaves many important questions unanswered for industry.

The principle of the scheme announced in *Major's keynote speech on Monday* was welcomed by organisations such as the Confederation of British Industry and the Chemical Industries Association.

This is not surprising. Dealing with the proliferation of different organisations which have policed pollution in the past has been a big headache for large companies.

But as Ted Thairs, head of the *CBI's environ*ment group, observed: "Working out the details to produce a practical and efficient structure will not be easy."

Despite all the organisational difficulties ahead industry is keen on the central idea of the agency – described by Michael Heseltine, environment secretary, as "a one stop shop".

This means that companies would only have to deal with one [illegible] of pollution inspectors enforcing standardised regulations. Industry would cut out the costly business of overlap and duplication.

The chemical industry has long suffered from this. [illegible] have sometimes found one inspector [illegible]g that emissions must be released to the atmosphere and another insisting that they be dealt with inside the building.

Tamar Posner, executive director of products and regulatory affairs of the Chemical Industries Association, [illegible] a national agency would *bring* consistency and [illegible] *stability* which is needed [illegible] plan [illegible]ng-term capital investment. She says the UK chemical industry expects [illegible] double its capital investment on environmental protection to £440m by the end of 1992.

The government's proposal, to be outlined in a consultation paper, comes at a time when the *new system of pollution* regulation *introduced* by the Environmental Protection Act is still settling down. To replace the comparatively new bodies – Her Majesty's Pollution Inspectorate (HMIP) and the National Rivers Authority – with a single national agency will mean a huge upheaval.

Major's scheme is to merge HMIP with part of the NRA and probably bring in the regulatory functions over waste disposal which are now exercised by the county councils in England and district councils in Scotland and Wales.

HMIP was formed in 1987 to merge the previously separate inspectorates for emissions to air, land and water. It is still introducing the new system of integrated pollution control covering all these areas.

It has had a battle to establish itself. There have been complaints of understaffing and underfunding and there have been rivalries between the specialists in the different disciplines. It is now settling down under David Slater, the new chief inspector, who warmly welcomes the establishment of a national body.

But the inspectorate only employs 380 staff. The NRA, which has responsibility for river water quality, employs 7,000. Only 400 of the NRA staff are engaged on pollution control and it is assumed that this is the section which will be merged into the new agency together with HMIP.

There is some overlap in pollution control between the NRA and HMIP and a merger in this area is logical. But what happens to the rest of the NRA's diverse responsibilities which include flood defences, protection of fish, recreation, conservation and navigation is still unclear.

Above all, what happens to its responsibilities for strategic planning of water resources and preventing over-abstraction of water from rivers? At the *moment* [illegible] *has commissioned* a report on a national strategy for [illegible] resources.

Lord Crickhowell, chairman of the NRA, cautiously welcomed *Major's announcement* but has made it clear that the *only* rational way forward is for all *of* the NRA to be merged into the national agency and not merely part of it.

The whole idea coming less than two years after the formation of the NRA has dismayed senior staff at the NRA. They see it as a recipe for confusion. The organisation is only just getting over the sudden resignation of its chief [illegible] John Bowman.

Proposals for bringing regulation of Britain's £5bn waste disposal industry under a central body has been greeted with enthusiasm [illegible] the [illegible] Association of Waste Disposal Contractors which includes most of the UK's big waste management companies. Indeed, NAWDC announced its own similar proposal on Monday, the same day as the Major speech.

The Department of the Environment *has* been urging the local authorities which regulate [illegible] disposal to combine in regional organisations so that their plans can be co-ordinated.

[illegible] DoE has been disappointed with the response to this. In any case the county councils could disappear under government proposals for reorganisation *which envisage the possi*bility of a single-tier structure for local government.

There are still large areas of the environment that have not even been mentioned in the new proposal. Tim Brown of the National Society for Clean Air says that what is needed is an agency to protect the environment across the board. In addition to the government's proposals this would also embrace transport, energy conservation and control of pollution resulting from agriculture.

It will not be possible to introduce the legislation *for the new agency* until after the next general election. Labour and the Liberal Democrats also have similar plans but their agencies would be more powerful and independent than the one the *government is proposing.*

We are clearly in for a long period of debate before the new organisation emerges.

TELEVISION

A quick zap through the Euro-mélange

Je zappe, donc je suis. [redacted] remote control gun [redacted] on a wider range of targets in Brussels, where a cable under the street ensures that every Eurocrat can watch television from home, 24 channels a day, not an *extra Ecu on the bill.* The news in Spanish, Italian game shows, *'Allo, 'Allo* in several languages: is this the model for the future cable distribution companies in the UK, or would British viewers have little time for such Euro-mélange? Britons do well in the world viewing stakes: we watch an average five hours six minutes television [redacted] day, 10 minutes [redacted] than [redacted] out-goggled only by the US (seven hours, with two per cent of viewers watching in the bathroom) *and the workaholic Japanese* (eight hours). But as zappers we barely rate. The compensation is the shared experience of a national or at least Anglo-Saxon-dominated network – millions of viewers watching the penalty kick at precisely the same time and asking "Did you see?" the following morning.

Yet we suffer [redacted] narrow perspective this [redacted] the [redacted] watching [redacted] in zapperland is the revelation that our own big players, Major or Hurd, Wogan or Dimbleby, whom we know by their familiar rhythms of self[redacted]tion, are not the [redacted] *certain type:* Belgium, Germany, France, [redacted] has [redacted] of "grosses legumes", [redacted] they say, who suggest left [redacted] right wing, sophistication or approachability, in new and challenging images.

Cultural differences scream out at the [redacted] flicker of a [redacted]umentary [redacted] interview programme, genres where television excels just because it acutely reflects national preoccupations and presenters' personalities. Sunday night, for example, has French intellectuals drooling over svelte interviewer Anne Sinclair on France TF1's *Sept sur Sept;* women hanging on every exotic yet oh so Parisian word of Jean-Pierre Elkabbach on France LA5's *Dimanche 20h 10* an hour later; and all ears agog for the revelations on *Le Divan, France FR3's equivalent of In the Psychiatrist's Chair* to round off a perfect soiree of French personality cults: Rocardian, Mitterandiste, Lepeniste *et cetera.*

Last Sunday Sinclair, a sort of subfusc Madonna who talks like Robin Day, flirted and fought with Alain Juppe, Secretary of the right wing RPR party, as he tried to distance himself and Jacques Chirac from the unsavoury views of the even more right wing Le Pen. Scarcely had the last frisson flashed off the screen, than Le Pen himself was hissing venomously in the Elkabbach interview about Juppe's comments.

By *contrast Henri Chapier, Le Divan*'s small-screen psychiatrist, flattered Italian film director Pupi Avati until his ego sprawled full out across the giant yellow leather divan in a complacent heap, whereupon Chapier, chattering in fluent Italian (with sub-titles), pumped out the deep stuff. As pop art posters of Marilyn, Sigmund and the Mona Lisa winked at the audience, Avati confessed that he had felt like Salieri to others' Mozart and that it was almost impossible to represent life, sex or death on the screen.

Dinner party philosophy, *stylishly and Gallically* presented, all three interviewers as French as croissants, and why not? All BBC1 offered on the same night was one-time thinking *Englishman's crumpet* Joan Bakewell and Esther Rantzen, while Germany ZDF was also in typical form with a brow-beating documentary and discussion, *Der Verdammte Krieg (The Damned War),* on the anniversary of Hitler's invasion of Russia.

More than anywhere else in Europe, Germany still suffers directly the consequences of the last war, and this colours every aspect of cultural life. Most heart-tugging programme of the week was ARD's *Todesschusse (Deathshots)* on Thursday evening, which alternated interviews with the families of those shot trying to [redacted] over the Berlin Wall and interviews with [redacted]

> *'The major European channels' treatment of news, documentaries and drama trumpets cultural diversity . . . Vive la difference!'*

shooting: a mother called out of bed one night in 1962 to be told her son had been shot dead against the Wall; a guard who shot a former colleague trying [redacted] escape. [redacted] before, [redacted] colleague himself had [redacted] dead an [redacted].

The concentration [redacted] indi[redacted] victims [redacted] culprits – [redacted] shot [redacted] was [redacted]mented in DDR archives, so blame can be personally attributed – works powerfully on television. It continued in the subsequent, unscheduled [redacted] which looked [redacted] to run through the early [redacted] when I left it [redacted] midnight. [redacted] Krenz, [redacted] surprise [redacted] ineffectual appearance under a red banner asking "Guilty?": lawyers, pastors and psychiatrists lashed out at him and at Jorg Lutz Grebin, a former officer of the border guards, with a mixture of fury, anguish and awe, as if they could not believe they were meeting Mephistopheles reconstituted in the television studio. Turning to ZDF in hope of something lighter, I found *Die Erinnerung (The Memory),* [redacted] subtitled Israeli programme [redacted] the holocaust.

These programmes are no better – technically they are often less professional – than [redacted]taries from the BBC [redacted] Channel 4, yet British understanding [redacted] European [redacted] patterns [redacted] *thought would* be immeasurably widened if we could zap randomly to French *philosophes* or German *Sturm und Drang.* But our insular history speaks against us: I do not believe these will be the programmes to sell a cable distribution service to most British [redacted] no one could [redacted] more of [redacted] which do translate easily from [redacted] culture, [redacted] same [redacted] shows in Dutch, French and Italian where sheer repetition only emphasises the banality, [redacted] formulae so successful that, language apart, national origin cannot [redacted] *detected – Belgium* RTBF1's [redacted] an [redacted] *My* [redacted] *Le* [redacted] *Image* look-alike.

One type [redacted] which British television will not [redacted] is [redacted] "Europroduction" [redacted] with an eye on the multimarkets of various European independent channels. A company called EC [redacted] has [redacted] TF1 to [redacted] first Eurosoap, [redacted] Côte d'Azur family, the Cour[redacted] whose money talks multilingually [redacted] an Italian aristocrat, [redacted] industrialist, [redacted] German professor and some Spanish [redacted] This [redacted] old-*moneyed* Europe – the *family* [redacted] is perfume, [redacted] petrol – but the whiff of "Dallas" [redacted] unmistakeable during [redacted] first episode [redacted] (the [redacted] runs daily). "Never [redacted] series would [redacted] family sorting out its problems [redacted] dinner, that's typically French", [redacted] TF1 producer Marc Baschet, who hopes [redacted] 25-year run with [redacted] being [redacted] they [redacted] liked". [redacted] by [redacted] on [redacted] international [redacted] characters: Granada, Italy's Rete 4, Germany's Studio [redacted]burg, [redacted] supplier to ARD, and Spain's public [redacted] all [redacted] to [redacted] episodes, to be made in French and in English.

Europeans may fight [redacted] characters, but as far [redacted] active" [redacted] not in the [redacted] Take [redacted] channel Voyeur Vision – "Just have your fantasy ready, call and watch it enacted in the comfort of your own home", offers a Hollywood accent peeling off its knickers – or even CNN, where home videos make news. "See it, shoot it, send it to CNN newshound", goes the slogan; in March the national transmission of a private video of 20 US policemen beating up a black driver forced President Bush [redacted] make [redacted] the [redacted].

[redacted] Monday, France [redacted] apocalyptic documentary [redacted] *90* [redacted] while [redacted] on the [redacted] role [redacted] television. Couch potatoes *(patates de canapes), rise again: talking heads* like David Byrne, Neil Postman (author of *Amusing Ourselves to Death)* and Jack Mingo *(The Official Couch Potato)* are persuaded that we will soon be in control, zapping chaster or sexier, more or less violent versions of the same programme according to individual taste. Does television reflect or create our culture? Win both ways: "television *is* our culture".

Other people's television, of course, is their culture, and despite the choice of 24 channels, even the most multi-lingual Eurocrat usually prefers to watch television from home. But it [redacted] good to have the *choice. Many of the examples in Je zappe, donc je suis* came from the US, but the programme was refreshingly free [redacted] the drone that [redacted] are taking over our screens. For all the similarities and the influence of America on series like *Riviera,* a flick across the major European channels' treatment of news, documentaries, drama, trumpets cultural diversity and independent tradition. *Vive la difference!*

Jackie Wullschlager

Alastair Muir

Serban Ionescu and Gabriela Popescu

A Midsummer Night's Dream

LYRIC, HAMMERSMITH

The second *Dream* [redacted] the London International Festival of Theatre brings from Romania [redacted] reading of Shakespeare's comedy that [redacted] part nightmare, part circus and wholly related to its time and place. Alexandru Darie, the young director who has staged the production for the Comedy Theatre of Bucharest, has adapted the play himself from a *19th century translation.* Like Footsbarn, the Euro-travellers whose *Dream* opened LIFT, he is not above chopping and changing his material. *Unlike Footsbarn, his vision* seems to be driven, and his imagery unified, by a desire to use theatrical fantasy to make sense of the world.

His most significant innovation, for an English audience which knows its Shakespeare but is ignorant of Romanian, is to cast the same actor as Theseus, Oberon and Peter Quince. This creates a rich seam of comic confusion, while making the point that totalitarianism means centralised control at every level of society, and not only on mind and body but on the imagination.

Serban Ionescu plays the controller with an effete elegance that just occasionally fails him as he struggles to keep a bumptious Puck in his place. He is ring-master, farceur and dictator, whose agents are not fairies but a chorus of Securitate officers, with raincoats and briefcases, invoked early on to keep tabs on the company. Puck – pronounced "Pook" – is a peasant clown who *bungles his* master's bidding and takes childish pleasure in using his power to make fools of mortals.

The magic of the production comes partly from the delight with which the resources of [redacted] theatre are used; partly from [redacted] sensuality, and [redacted] joyous affirmation [redacted] where [redacted] youth, there's hope. It [redacted] staged around a puddle in which Lysander and Hermia splash about, one minute in rapturous horseplay, [redacted] next in sodden despair – both trying to drown themselves while preventing [redacted] other from [redacted] so.

Aurora Leonte's Hermia is [redacted] doll-like figurine who innocently bares her breasts while urging a desperately aroused Lysander to lie further off; Magda Catone's Helena is driven by her sexuality into pursuit of a Demetrius (Floris Anton) whose infatuations have a psychopathic edge. Their chase through the woods is played out on rope swings, each clinging to the other in a gravity-defying entwining of limbs and wills before disappearing under a billowing scarlet sheet.

The effect of Oberon's *enchantment on Titania is to* scoop her up in a hammock like an exotic butterfly which struggles from its chrysalis to seize the hapless Bottom. The mechanicals emerge from this reading as a dads' army of comic inadequates who are given their brief moment of glory and are then suppressed by a master of ceremonies twitchy about losing control. There is a moment of genuine sadness as they submit to censorship of their epilogue – but the realpolitik of the action *sails clean above the heads of* these bemused and bewitched common men.

Claire Armitstead

Ubu Rex

BAVARIAN STATE OPERA, MUNICH

The Munich Opera [redacted] opened last [redacted] with the premiere [redacted] new opera [redacted] It [redacted] curiously ambivalent occasion. Here was [redacted] composer whose aesthetics have hitherto been dominated by size, impact and [redacted] populist touch, now risking his hand – none [redacted] – at the subtler disciplines of black comedy [redacted] political satire. And here was a German audience eager [redacted] laugh at the opera's Punch-and-Judy stage antics, but equally quick to [redacted] its [redacted]poser after Father Ubu's *kleinbürgerlich* dictatorship turned out to be neither shocking nor dehumanising, but all too close to home.

Penderecki calls *Ubu Rex* an opera buffa. He uses a slimmed-down orchestra, peppers the score with solo coloratura and chattering choruses, [redacted] – with little more than [redacted] hours [redacted] divided into two acts – does not outstay his welcome. But *Ubu Rex* is miles from the lightly-worn melodic invention of the Ital[redacted] fantasy [redacted] A more appropriate model would be *The Nose,* minus Shostakovich's musical jokes. There is also a strong whiff of Theatre [redacted] the Absurd, [redacted] which [redacted] Jarry – [redacted] the play [redacted] which [redacted] based – was [redacted] forerunner.

Jarry [redacted] 17 [redacted] he [redacted] the first version of *Ubu Roi* for [redacted] colleagues. [redacted] uproarious [redacted] premiere in [redacted] has passed into legend [redacted] first [redacted] the [redacted] "merde" was [redacted] on [redacted] French stage. Pen[redacted] and his co-librettist Jerzy Jarocki [redacted] condensed [redacted] story, but their [redacted] text retains the coarse, irreverent flavour of [redacted] original. Ironically, the setting is Poland. Jarry took this to mean "[redacted] in particular", but Penderecki – originally commissioned by [redacted]nert to write [redacted] opera for Munich in [redacted] late [redacted] – [redacted] well aware that until recently [redacted] material could have [redacted] home.

Like a [redacted] remake of [redacted] Macbeths, Father and [redacted] Ubu plot [redacted] kill King [redacted]las, [redacted] which [redacted] they prepare [redacted] loutish entourage [redacted] helpings of [redacted]root, tapioca and "Polish soup". [redacted] on the throne, Ubu squanders the [redacted] coffers, robs the nobility, [redacted] the [redacted] the judiciary [redacted] eventually put to [redacted] by Tsarist [redacted] Whereupon [redacted] unperturbed Ubus [redacted] sail for [redacted] country "more worthy [redacted]" Ubu [redacted] the personification of society's evils, a parody [redacted] popular dictatorship: behind [redacted] and protective "father" epithet lies a thick-necked oaf. [redacted] is lazy, empty-headed, [redacted] and ugly – a [redacted] and murderer [redacted]pling through history.

[redacted] shortage [redacted] material [redacted] and [redacted] responded with some characteristically slick music. The score [redacted] built on a [redacted] repetitive, stop-start rhythms, the complexities of [redacted] relentlessly demanding on [redacted] The vocal [redacted] is quick-witted, wind and [redacted]sion [redacted] cleverly characterised. Even so, the final impression – bolster[redacted] by frequent parodies of other styles (Mussorgsky [redacted] Strauss [redacted] them) and [redacted] increasingly off-the-boil [redacted] act – is [redacted] Penderecki [redacted] medium, relying on technique [redacted] up the [redacted] his material. Only in the occasional flourishes of spiky dissonance [redacted] an authentic voice to [redacted] heard.

An honourable failure, then, leavened by the immaculately-prepared, high-spirited Munich performance. Much of the [redacted] conductor, [redacted] Boder, and producer, August Everding, for marshalling their forces with such assurance [redacted] style. [redacted] original contribution came from [redacted] Surreal[redacted] painter Roland Topor, [redacted] comic fantasy inspired [redacted] unforgettable [redacted] Struwelpeter [redacted] and grotesque [redacted] pictures: [redacted] Ubu [redacted] in [redacted] opening scene, for example, shaped [redacted] turd (Ubu is constantly exclaiming "Shreisse", a play on the well-known German expletive); [redacted] production [redacted] of giant phallic [redacted] disgorging food into rows [redacted] bathtubs [redacted] "Fressen".

The [redacted] mastered [redacted] fiendishly [redacted] parts [redacted] precision and relish. Robert Tear gave [redacted] nicely understated performance as [redacted] Ubu, singing [redacted] clear, commanding German and giving a calculated impersonation [redacted] clown-like banality. Doris Soffel, [redacted] raffish, punk [redacted] Ubu, provided [redacted] ravishing display of [redacted] coloratura. Hermann [redacted] a sympathetic [redacted]dure, Ubu's [redacted] lieutenant. Kieth Engen, [redacted] foppish King Wenceslas, made the most [redacted] his [redacted] falsetto, [redacted] Pamela Coburn's Queen [redacted]mund [redacted] elegantly [redacted]matic.

Andrew Clark

Il maestro di cappella

MANSION HOUSE, LONDON

One of the prime delights of the City of London Festival is that it has never settled on a single central home but spreads itself around an assortment of the historic halls in the city, allowing audiences to enjoy the beautiful interiors of buildings. The splendid hall at the Mansion House, which is used occasionally for recitals or chamber orchestras is arguably the festival's most august venue, apart from the Guildhall or St Paul's Cathedral. On Monday, the second night of the festival, it played host to *the English Chamber Orchestra* under Claudio Desderi, Italian buffo baritone and – increasingly – conductor.

They brought with them a [redacted] rarity. Cimarosa's *Il* [redacted] *cappella* [redacted] one-man show [redacted] kind unusual in musical [redacted] It lasts under half [redacted] hour [redacted] just an overture (shared with another full opera), a couple [redacted] and attendant recitatives. The baritone is the conductor of the orchestra and the joke is that he is rehearsing his players as he goes along.

The first of the arias is its main amusement. In his vocal part, [redacted] singer demonstrates how each section of the orchestra *should* play, *imitating* [redacted] the [redacted] and horns, [redacted] double basses, who are evidently a problem corner, and the various musical lines are threaded together [redacted] one listens. Desderi sang and acted it out with some insouciance, while also showing off his natural gift for the Italian buffo style.

In the first half he conducted the orchestra in Rossini, Mozart and Stravinsky. The String Sonata No 1 by Rossini gave the ECO strings something to think about, while Mozart's *Serenata Notturna,* [redacted] the [redacted] Stravinsky's [redacted] would have [redacted]ted from a less booming acoustic and sharper playing all round. *Desderi himself would* look to be a clear and decisive enough maestro, however.

Richard Fairman

Tunnels Without End

NEW END THEATRE, HAMPSTEAD

Poor Tchaikovsky! His life was sad enough, and one would like to have spared him some of the rubbish that people have *made of it since. This play,* both sensationalist and badly written, is, alas, a prime example.

It is true that Tchaikovsky was homosexual, that he married in a determined effort to solve his sexual problems, that within months he attempted suicide. But it is muddled, deliberately so, about his music. It tries to link *Swan Lake* with his marriage, though that ballet had its premiere two months before he met his wife.

[redacted] *advance publicity* [redacted] that "It should [redacted] noted that this play contains scenes of male nudity", but even that didn't prepare us. Alexi Gelmenti, [redacted] is [redacted] with Tchaikovsky, [redacted] sooner finds [redacted] alone [redacted] that [redacted] a slow *strip-tease while starting (a) to* read the score of Tchaikovsky's latest symphony *and* (b) to seduce the composer. Needless to say, he is more successful in (b).

However, *Tunnels of Love* is not homoerotic. (It might be more interesting if it were.) It is more concerned with the need for society to accept homosexuals if they are to make great art and be happy too. It wants to be refined, clever – more Noel Coward than Ken Russell. ("The Tsar *can float backwards down the* Volga on a bidet for all I care," says Alexei.)

Most of the time, the stage is divided into three areas: Tchaikovsky centre-stage with [redacted] sister Sasha, [redacted] wife raving bitterly on [redacted] left, and his patron Madame [redacted] Meck on *our right. You* [redacted] as [redacted] watch, imagine half a dozen decent plays th[redacted] might have been [redacted] this material. At its [redacted] *Without* [redacted] for Tchaikovsky's marriage what [redacted] for T.S. Eliot's. [redacted] it [redacted] its most [redacted] when it [redacted] to [redacted] sophisticated – which is [redacted] time.

Everyone [redacted] badly, at some point or other, but [redacted] can [redacted] author, Geoffrey Williams, also directs. Recommended for those who know little about Tchaikovsky and who care less.

Alastair Macaulay

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

ATHENS

Herod [redacted] Moiseyev Folkore Ballet from [redacted] Union *opens* [redacted] *four-day* [redacted] at [redacted] Festival. Sun: piano recital by Dmitri Sgouros [redacted] 1459)

Lycabettus [redacted] Haris [redacted] *Group,* also tomorrow. Sat and Sun: [redacted] Creole [redacted] Coconuts (322 1459)

BERLIN

Berliner Ensemble 19.30 The Threepenny Opera, [redacted] and Sun matinee. Tomorrow: Carl Zuckmayer's play [redacted] Captain of Kopenick. These [redacted] performances [redacted] (2827 712)

Maxim Gorki Theater 19.30 George Tabori's Mein Kampf. Fri, Sat and [redacted] Wenzel and Mensching, clown/cabaret duo [redacted] 748)

Deutsches [redacted]'s The Bald Prima Donna. This *performance will be televised* (2871 225)

BONN

Oper 20.00 *Ivan Anguelov* conducts The Bartered Bride, sung in German, with [redacted] Pusar [redacted] Marenka and [redacted] Muff as Kecal, [redacted] Sat. Fri: Youri Vamos' ballet Julien Sorel, music by Elgar. These are the final performances [redacted] (773667)

GENEVA

Hôtel de Ville [redacted] Matthias [redacted] conducts [redacted] la [redacted] in Rudolf *Kelterborn's Traummusik* (1971), [redacted] Third Symphony and [redacted] for [redacted] and harp, with soloists Roland Perrenoud [redacted] Notburga Puskas. *Sun* [redacted] *in the* Church of Saint-German: Il Giardino Armonico plays [redacted] concertos [redacted]

LONDON

DANCE

Coliseum 19.30 Dutch National Ballet in Rudi van Dantzig's *production* [redacted] *Romeo* and Juliet, music by Prokofiev. Runs till Sat (071-836 3161)

MUSIC

Covent [redacted] 20.30 Hartmut Haenchen [redacted] *Harry Kupfer's* production [redacted] ed Euridice, with Jochen [redacted] and Gillian [redacted] Final performances on Sat and next Tues. Tomorrow: [redacted] Ewing [redacted] *Placido Domingo* in Tosca. Fri: La Cenerentola (071-240 [redacted])

Royal Festival Hall 19.30 The [redacted] pay tribute [redacted] Corries, *with special guest Ronnie* Brown, founder member [redacted] The Corries. Tomorrow: [redacted] Jarrett. Fri: Mahler and [redacted] concert (071-928 8800)

Queen Elizabeth Hall [redacted] London [redacted] Chamber Orchestra in music by Haydn and Beethoven, including the Emperor [redacted] and Haydn's Surprise Symphony. Tomorrow: Sir Arthur Bliss centenary [redacted]. Fri: [redacted] *Petite Messe* [redacted] (071-928 8800)

Guildhall School Theatre 14.30 and 19.00 [redacted] Porter's [redacted] musical Out [redacted] This World (071-638 8891)

Middle Temple Hall [redacted] Delme String [redacted] plays quartets [redacted] Haydn and Beethoven, and [redacted] joined by [redacted] Campbell [redacted] Quintet (071-248 [redacted])

Painter's Hall 19.30 Recital by Elissa Koljonen, [redacted] prize-winner in 1990 Carl Flesch Violin Competition (071-248 4260)

THEATRE

Sex [redacted], We're Italian [redacted] by Tom Kempinski. The play is [redacted] witty [redacted] life in a small village near Naples, with [redacted] families constantly tripping [redacted] other up in their attempts to [redacted] the clergy. Helen Mirren [redacted] a production [redacted] (Young Vic, [redacted])

Madame de Sade is a play by Yukio Mishima, combining the [redacted] of language with the Japanese [redacted] of *story-telling* [redacted] *giving* [redacted] *unique* [redacted] the life [redacted] the writer-philosopher from [redacted] the word 'sadism' [redacted] derived. [redacted] by Tal Rubins, designed [redacted] *Poppy Mitchell and Katharine* Hamnett, [redacted] choreographed by Naohiko [redacted] tonight and tomorrow, [redacted] night on Fri (Almeida, 071-359 4404)

[redacted] is a [redacted] Hall Company production *of* [redacted] Williams' play, [redacted] in [redacted] in the 1940s, with Julie [redacted] the mourning young [redacted] spirits are lifted by the arrival of [redacted] truck driver (Playhouse)

The [redacted] *enigmatic play,* [redacted] by [redacted] author, with Donald [redacted] returning [redacted] the [redacted] 31 [redacted] (Comedy)

[redacted] inquiries about other shows, phone Theatreline from anywhere in the UK: Plays [redacted] Musicals 0836 [redacted] 0836 [redacted] Thrillers 0836 430962

MUNICH

Staatsoper 18.30 Fabio Luisi conducts Götz Friedrich's production of La forza del destino, [redacted] led by Aprile Millo, [redacted] and Lando Bartolini. Tomorrow: L'italiana in Algeria with Agnes Baltsa. Fri: Penderecki's new [redacted] Ubu Rex. Sat: Don Giovanni. The Munich Opera Festival runs till July 31 [redacted]

[redacted]saal der Residenz 20.00 Song [redacted] by [redacted] Araiza [redacted] by Irwin [redacted] (299901)

Gärtnerplatztheater 19.30 Tiefland, [redacted] by Eugen d'Albert, repeated on [redacted] Tomorrow: Violetta Dinescu's opera The [redacted] of [redacted] (201 6767)

NEW YORK

MUSIC AND DANCE Metropolitan Opera 20.00 Royal Ballet triple bill: Frederick Ashton's [redacted] de ballet, [redacted] premiere [redacted] Winter [redacted] and David Bintley's Still Life at [redacted] Penguin [redacted] runs till July 20 (362 [redacted])

Avery Fisher Hall 20.00 Gerard [redacted] Mostly [redacted] Orchestra in all-Mozart *programme, including* Piano Concerto No 9 with [redacted] and Flute Concerto in [redacted] with [redacted] Galway. Tomorrow: [redacted] joins Tokyo [redacted] in two [redacted] flute quartets. Fri and Sat: Isaac Stern plays [redacted] Violin Concerto No 4. Sun: Christopher Hogwood [redacted] Handel [redacted] Haydn [redacted]

OFF BROADWAY THEATRE

Lips Together, [redacted] Apart [redacted] new play by Terrence McNally about two mnarried couples [redacted] share [redacted] Fire Island beach house over a [redacted] Fourth [redacted] July [redacted] Directed [redacted] John Tillinger, with a [redacted] by Christine [redacted], Anthony Heald, [redacted] Kurtz and Nathan Lane (Manhattan [redacted] Club production [redacted] Center, 131 [redacted] 55th [redacted] 581 7907)

Othello, directed by Joe Dowling, is [redacted] first [redacted] three plays in [redacted] York Shakespeare [redacted] summer [redacted] in the Park. Raul Julia and Christopher [redacted] the [redacted] Till Sun only (for [redacted] information [redacted] 7277)

Ticketron [redacted] inquiries and [redacted] for most [redacted] 0102)

PARIS

Palais Garnier 19.30 American Ballet Theatre triple-bill: Jerome Robbins' Fancy Free, [redacted] de [redacted] and Twyla Tharp's [redacted] Fling, [redacted]. ABT [redacted] till Sun (4017 [redacted])

Opéra Bastille [redacted] Jiri [redacted] Götz Friedrich's production [redacted] Kabanova, with Karan Armstrong in the title role, [redacted] Rysanek [redacted] Kabanicha, [redacted] Algieri [redacted] Boris, William [redacted] as Tichon and [redacted] Powell [redacted] Varvara, also Fri and [redacted] Tues. Tomorrow, [redacted] and next Mon: Armin Jordan conducts [redacted] staging [redacted] Die Zauberflöte [redacted] 1616)

Comédie Francaise 20.30 Aimé [redacted] tragedy La Tragédie [redacted] Christophe, [redacted] by [redacted] Ouedraogo [redacted] designed by [redacted] Rafaelli. [redacted] play, set in [redacted] century Haiti, [redacted] a former French army [redacted] who proclaims himself [redacted] and later commits suicide. Repeated on Fri. (4366 [redacted])

A 24-hour [redacted] telephone guide to [redacted] entertainments is [redacted] in English by dialling [redacted]

ROME

Teatro Argentina [redacted] Tanztheater Bochum in Reinhild Hoffmann's Machandel, repeated tomorrow and Fri (6795 370)

STUTTGART

Staatstheater [redacted] Garcia Navarro [redacted] Saura's [redacted] production of Carmen, with [redacted] Senn in [redacted] and Neil Shicoff as Don Jose, [redacted] Tomorrow: Le nozze di Figaro. Fri: Die Zauberflöte. These [redacted] the final performances of the season (221795)

European Cable and Satellite Business TV

(all [redacted] CET)

MONDAY TO FRIDAY

Eurosport

0600-0630 [redacted]

CNN

0500-0530 Moneyline

[redacted] Moneyline

[redacted] CNN [redacted]

[redacted]

2000-2030 World Business Today - a joint FT/CNN production [redacted] day's major busi[redacted]

[redacted] World [redacted] Today

0100-0130 Moneyline

Superchannel

0700-0830 [redacted] Times Busi[redacted]

[redacted] briefing [redacted]

0700 and 0800

2220 - 2250 [redacted] Financial Times Business Weekly - the [redacted] round-up [redacted] Debbie Middle[redacted]

[redacted] (Thurs) Financial Times [redacted] Weekly

[redacted] News

1200 International [redacted] Report

2130 (Thurs) [redacted] *Times Business Weekly*

SATURDAY

CNN

0800-0830 Moneyline

0800-0930 World [redacted] Today - a joint [redacted]

1540-1610 Moneyweek

[redacted] World [redacted] This [redacted]

2110-2140 [redacted] Money

SUNDAY

Superchannel

[redacted] FT Business Weekly

[redacted] FT Business [redacted]

[redacted] FT Business Weekly

Sky [redacted]

[redacted] FT [redacted]

CNN

[redacted]

[redacted] Money

1900-1940 [redacted]

0040-0110 [redacted]

FINANCIAL TIMES

NUMBER ONE [illegible] BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 [illegible]

Wednesday July 10 1991

Fewer men, same cost

MR [illegible] KING, the British defence secretary, [illegible] yesterday's statement on defence policy [illegible] the 1990s [illegible] "no ordinary white paper". And it is true that the peaceful unification of Germany and the ending of the Warsaw Pact have brought about fundamental changes in British defence requirements. Yet anyone who looks at the document closely may be struck not by how much defence thinking has changed, but how little. There are very few signs of what used to be called the "peace dividend".

To be sure, military manpower is to be substantially reduced. The army is coming down from 160,000 to 116,000, a slightly bigger cut than that envisaged a year ago. The air force and navy get off relatively lightly, but their manpower will still fall by about 15 per cent. There will also be cuts in civilian personnel [illegible] at home and abroad.

On the face of it, such reductions ought to lead to considerable savings. This is belied by the figures. Defence spending in the current year is expected to rise in real terms to around £24bn. The most that the whi[illegible] paper offers for [illegible] future [illegible] the hope that savings will be eventually secured and that the share of gross domestic product taken by defence will fall. In 1990 the share was 4 per cent, [illegible] 3.6 per cent for Fran[illegible] [illegible] per cent for Germany, 2.3 per cent for Italy and 5.5 per cent for the US.

Growing costs

Part of the explanation for spending remaining so high plainly lies in the growing cost of military equipment. It must also be asked, however, why Britain consistently spends a larger percentage share of its GDP on defence than its European allies and why the opportunity was not taken for a wider review of defence commitments. The dismantling of the Warsaw Pact and the more peaceful posture of the Soviet Union are, after all, seminal events in postwar history.

Two answers are being offered. Even a truncated Soviet Union will remain a military superpower and could again turn nasty. There is, too, the possibility of military conflict arising outside the Nato area, as in the Gulf. Both are convincing up to a point, but they do not explain why Britain apparently takes the threats so much more seriously than her continental allies. The underlying reason for the continuing heavy commitment to defence seems a desire to set an example to the Americans and thus persuade the US to maintain its own military presence in Europe. Britain has become the European guardian of the Atlantic alliance.

Leading role

Such thinking permeates the white paper. Britain has come down firmly against giving a role in defence to the European Community even though the subject is still under discussion at the inter-governmental conference on political union. It will play a leading part in the [illegible] rapid-reaction corps in [illegible]many, even though the role [illegible] closely defined. British and French [illegible] remain persistently at odds.

The [illegible] keeping the Americans in Europe, al[illegible] [illegible] level, is [illegible] course entirely worthy. [illegible] that [illegible] is whether British resources can match British commitments. [illegible] Conservat[illegible] came [illegible] office in 1979, successive ministers have prided themselves on avoiding full-scale defence reviews. It is possible that one would have been bound to take place two years ago, had not freedom broken out in eastern Europe and hopes of the peace dividend come to the rescue. Two years on Britain is still spending just as much money, and still contributing to the defence of the European mainland and the eastern Atlantic, as well as to a number of special commitments such as Hong Kong and Belize. It is therefore difficult to believe that Mr King's statement yesterday can be anything like the last word. It is such a remarkable feat to maintain expenditure while substantially reducing manpower that it deserves the closest scrutiny.

Hard questions for Nigeria

NIGERIA is the most populous nation in Africa, conducting a phased return to civilian rule while implementing a far-reaching economic reform programme. The success or failure of this double transition is critical to Africa's welfare at a time when much of the continent is in disarray or despair.

It also matters to the west. For the World Bank, Nigeria is an African test case. The country's structural adjustment programme, under way since 1986, owes much to Bank funding and expertise, coupled with the willingness of President Ibrahim Babangida's military government to implement often unpopular reforms. And Nigeria's economic recovery would be warmly welcomed by western banks and governments, which have agreed to several reschedulings of the country's $35bn external debt.

It can, therefore, be of little consolation to those who wish Nigeria well to discover that its government seems intent on controlling what ought to be legitimate and public analysis of the state of the country's finances and major infrastructure projects under way.

The [illegible] summary expulsion of the Financial Times correspondent in Lagos for trying to throw light on these matters will probably have the [illegible] heightening, [illegible] reducing, doubts [illegible] wisdom and propriety of government policies.

The first report involved an aluminium smelter, widely [illegible] both on [illegible] of [illegible] and viability. The second attempted [illegible] the impact on Nigeria's export receipts of the higher than expected price for oil, which accounts for more than 95 per cent of foreign exchange earnings.

It [illegible] that much of this "windfall", largely the result of the impact of the Gulf crisis [illegible] world prices, had been spent on items including military purchases and payment for the first phase of the aluminium smelter.

This [illegible] to [illegible] an understanding with [illegible] International Monetary Fund that such a "windfall" – the benefits accruing if oil prices exceeded the $16 per barrel on which the 1990 budget was based – would be placed in a special fund. Its use, whether for debt [illegible] or new projects, required the approval of the Fund, in consultation with the World Bank. Doubts remain about the size and disposition of this fund.

The [illegible] government has defended the aluminium project and other spending, and insisted that the amount of the "windfall" is exaggerated. But if its case goes by default, it has only itself to blame.

CAA caps BAA

A BIZARRE mixture [illegible] a privatised [illegible] concession, [illegible] property developer and [illegible] spicuously monopolistic airport [illegible], BAA is [illegible] rate oddball. Odder still [illegible] system whereby it is regula[illegible] – [illegible] ness the Civil Aviation Authority's decision yesterday [illegible] reject the Monopolies [illegible]sion's proposed formula [illegible] capping BAA's airline landing and parking [illegible] three London airports. The [illegible] proposed changing [illegible] formula for limiting charges from 1 per cent below the retail price index (RPI [illegible] one) [illegible] RPI minus [illegible] from 1992. Not tough enough, said [illegible] CAA, which is proposing RPI minus eight. Nor is the Authority convinced [illegible] Commission's case for chang[illegible]ing to a kindly RPI plus one when work begins on a fifth terminal at Heathrow.

To the outsider, the CAA's case looks plausible enough, given the growth in traffic since privatisation and the monopoly granted to BAA on flotation. But the argument turns on the rate of return appropriate to [illegible] risk in [illegible] business. Both the [illegible] and the MMC [illegible] low risk, though with differing [illegible]. Yet it is BAA that decides whether to build the £1bn terminal; and BAA sees things differently, not least because of the impact of regulatory risk on its investment returns.

A compromise will no doubt be reached. But how much better if BAA's airports had not been privatised in a package and competition were able to play a greater part in balancing the interest of airport operators, airlines, passengers and residents on the ground.

Training on trial

Lisa Wood examines tension between the Tecs and the government

A senior businessman told Mr [illegible] Howard, [illegible] employment secretary, [illegible] week, [illegible] his Training and Enterprise Council (Tec) did not have enough money to [illegible] government con[illegible] to [illegible] young [illegible] He got no sympathy.

"What can you expect?" asked his colleague. "How can the chairman of a Tec argue with a secretary of state who has all the arguments at his finger tips? We have to get our facts straight."

The encounter between the Tec chairman and Mr Howard indicates the struggle Tecs face to establish their credibility with the government. One of their main problems has been that of leadership: the employer-led Tecs are directed by optimistic, brash and fiercely protective businessmen who have believed they could call the shots. Some Tec chairmen, senior company executives, have claimed they were "the only show in town".

This attitude – geared to developing [illegible] business – does [illegible] work in a partnership, and has provoked fierce rows between the government and the [illegible].

The current climate of mutual tension is a far cry from March 1989 when Mrs Margaret Thatcher, the former prime minister, launched a glossy prospectus inviting British business leaders to head the boards of 82 Tecs. They were created to "restructure Britain's approach to training and enterprise development" for an entire range of the population – school leavers, the unemployed and those in work who wanted to upgrade skills.

Tecs would be "born of the enterprise culture, with a bold vision that stretches beyond existing programmes, institutions and traditional methods of delivery". In practice businessmen were to take over government training schemes and encourage industry to take over more of the costs.

With 77 Tecs now operational, reality has not matched those expectations. Tensions have surfaced between the Tecs and their partners:

● The government, which pays Tecs more than £1.7bn to deliver training programmes at work and in outside workshops is warning that its existing relationship is at breaking point. This crisis was highlighted on Monday when a Department of Employment review document set out the need for a "new strategic partnership" between the government and the Tecs.

● Senior executives who make up the majority on Tec boards claim that the movement is in danger of losing its vision of upgrading the skills of the British workforce because of rising unemployment.

■ Organisations [illegible] as chambers of commerce, Compacts (formal bodies which link schools and industry), and providers of Youth Training (YT) and Employment Training (ET) schemes, [illegible] Tecs were intended to serve, are busily highlighting their drawbacks.

These three groups are focusing on several concerns:

● The [illegible] Tecs now claim that rising unemployment is putting at risk their broader [illegible] to improve [illegible] skills of all UK [illegible]. The Tecs' basic contract with [illegible] government includes the provision in their local areas of YT and ET.

But the government gave Tecs the power to tailor programmes that had previously been rigidly fixed by the Department of Employment. The idea was that businessmen would get value for money on contracts by matching government programmes to local needs. Such adjustments took on several forms but included shorter training courses with a higher quality of training.

[illegible] it was [illegible]ble, through careful money management, to make operating surpluses on YT and ET. Surpluses, said the government, could supplement the Tecs' small block of funds intended to encourage the training of in-company workforces.

Rising unemployment has put paid to this strategy. Some Tecs now claim that they have insufficient funds to meet the government's guarantee of a training place for all 17-19-year-olds who want one. Those Tecs which believe they can meet the guarantee claim that it and other government programmes are absorbing all their time [illegible] budgets to [illegible] detriment of their wider skills goals.

The recession has thus increased an underlying strain that will persist as unemployment continues to rise. Mr Edward Roberts, chairman of Soltec, a Tec based in Redditch, and organiser of last [illegible] Tec conference in Birmingham said: "The worry among some Tecs is they want to do so many other things. There is frustration. But if you have an obligation with government it has to be met."

● The relationship between the government and the Tecs. When Tecs were set up there was an uneasy balance between the independence their business leaders called for and the government's strictures on how they spent.

Tec leaders are now complaining of excessive government bureaucracy. They are critical, for example, of the Civil Service's accounting procedures which lead to every penny of Tec funds being monitored. Tecs want greater independence and the ability to operate in a more commercial way – to be judged on results.

Striking a balance between the Civil Service and private-sector cultures is at the nub of the government review disclosed on Monday which said that "unless there there is [illegible] change in approach the present relationship [illegible] not [illegible]able".

Just how that new relationship will develop is an area ripe for further conflict, although the government is talking optimistically of a new "strategic relationship".

● Relations with training organisations: each of the Tecs in England and Wales is now able to forge contracts with providers of training. This structure, according [illegible] large [illegible] providers of training, [illegible] British Printing [illegible] could destroy much of [illegible] existing provision for [illegible] people through YT. [illegible] BPIF became the first industry-wide body [illegible] stop operating the programme.

The federation pulled [illegible] because they did not want to negotiate with up to 82 diff[illegible]ent bodies. Before Tecs were set up, the Training Agency, part of the Department of Employment, used to make a single contract with large employers who took on YT trainees, or industry-wide providers such as the BPIF. Now these employers have to negotiate individual contracts. Providers such as the BPIF claim that not only is the system time-consuming and cumbersome, but low levels of allowances for some skills are forcing individual employers to pull out of YT.

Mr Tony Keeble, director of training and education at the BPIF, said Tecs were offering allowances to printing companies of £10 to £42 a week to subsidise training. His industry, [illegible] said, was facing its worst recession and it needed help. Adequate allowances, he argued, could tip the balance between whether a company took on a trainee or not.

● Enterprise. Tecs have stood on sensitive toes in discharging their responsibility for stimulating "enterprise", which in practice means providing advice to small companies and entrepreneurs.

This has brought the Tecs into conflict with the chambers of commerce which, through the voluntary subscription of their members, provide business advice. They claim that some Tecs are setting up rival services.

● Education: Tecs want to forge improved links between business and education but some existing organisations such as Compacts argue that Tecs can be heavy-handed and are adding to the confusion of current initiatives.

Ms Julia Cleverdon, development director at Business in the Community, the charity which seeks to strengthen the role of [illegible] in the community, said that in some areas Tecs had [illegible]ected [illegible] composition of the boards of existing Compacts, and had sought aggressively to change the members, thus sparking off much anger. "In some areas Tecs are arrogant," said Ms Cleverdon. The role of Tecs, she said, was to take "a strategic [illegible] provision [illegible] its area, working with existing providers to forge [illegible]hensive service".

How Tecs can gain credibility with their array of critics – from Compacts to chambers of commerce, national training providers and government, [illegible] uphill [illegible] now facing them. Mr Roberts of Soltec shuddered [illegible] some Tecs' notion that they are the only show in town. "Remarks like that [illegible] defeating the whole enterprise," said Mr Roberts. "Tecs will only be successful if they work in partnership with [illegible] organisations." The [illegible]lenge facing them is to forge those links while retaining their entrepreneurial drive.

Further food for thought

Guy de Jonquières and Clive Cookson on healthy eating

The adage that a little of what you fancy [illegible] you good long ago became obsolete [illegible] the [illegible] for a balanced diet. But in their search for sounder guidelines for healthy eating, nutrition experts have confronted a mass of sometimes conflicting evidence.

Yesterday, Britain's Department of Health sought to simplify their task by publishing what it claims is the world's most comprehensive study of nutrition. The result of two years' research by the advisory Committee on Medical Aspects of Food Policy (Coma), the study analyses scientific evidence on more than 30 common types of food and vitamins. Though the study's recommendations are broken down according to the age and sex of consumers, the authors emphasise it is not a precise guide for individuals.

Rather, it is a set of overall yardsticks, based on national averages. The yardsticks take the form of "dietary reference values" (DRVs) covering maximum, minimum, adequate and safe intakes of nutrients.

Though aimed at a specialist audience and couched in [illegible]tific jargon, the study has attracted considerable controversy, above all in the food industry, which has feared [illegible] could lead to health scares and pressure for tighter regulation.

The authors give some ammunition to health lobbyists by concluding that sugar is not an essential dietary requirement and confirming that it is a prime cause of dental decay. They suggest that national consumption of all types of sugar be cut from 18 to 10 per cent of energy intake and favour lower fat consumption combined with increased use of monounsaturates, chiefly olive oil.

However, there appears to be considerable scope for interpreting the study. For instance, the Sugar Bureau asserted yesterday that no big overall reduction in refined sugar consumption was needed to meet Coma's targets. But the Consumers' Association – using different statistics – claimed the opposite.

The Food and Drink Federation, responded by arguing that sugars, salts and fats posed no health risks provided they were not taken in excess and formed part of a varied diet.

The main unresolved question is how the government plans to use the study to advance its campaign for healthier lifestyles. Mr William Waldegrave, health secretary, appeared yesterday to rule out stricter national regulation of the food industry.

He is therefore relying principally on the hope that consumers will respond to government efforts to educate them about the benefits of a balanced diet. "Where we have given a reasonably consistent message, it has changed behaviour," he said yesterday.

There is some independent evidence that this is starting to happen and that heart disease – the main cause of early death – is becoming less common in Britain. But the improvement is slower than in many industrialised countries.

"There has been a big decline in coronary heart disease in the US and Australia over the last 15 years and, although we don't know the full explanation, diet has played a part," says Professor Desmond Julian, medical director of the British Heart Foundation.

One problem is popular confusion about how much difference a healthier diet will really make. Dissident heart specialists are sometimes quoted as saying there is little direct evidence that changing what you eat will reduce the risk of a heart attack.

"We have strong circumstantial evidence but we will never see proof," says Prof Julian. The only scientific way of "proving" the link between diet and heart disease would be to divide a population at random at an early age into two groups, one eating a high-fat and the [illegible] diet. "Epidemiologists thought [illegible] doing that but they decided it was impractical."

Even the well-publicised link between blood cholesterol levels and disease is far from straightforward. No one knows, for example, why Belfast has four times as much heart disease as Toulouse, although average cholesterol levels in the two cities are the same.

The evidence linking diet and cancer is "even more diffuse" than that on diet and heart disease, says Dr John Galloway of the Cancer Research Campaign. One of the few reasonably clear links is that eating more fibrous food reduces bowel cancer. But the relationship between fat and cancer is contentious, with some evidence that cholesterol may even protect against some cancers.

A further problem for public health authorities is that, even if people believe that dietary advice is right for the population as a whole, they know it does not apply to every individual. The clear-cut message that cigarettes can kill has failed to stop one third of the population smoking, so what hope is there of getting across a more diffuse message about healthy eating?

A partial answer may lie in genetic research, which is discovering the genes that make some people susceptible to certain forms of cancer and heart disease. It may be possible in a decade or two to give someone a genetic test telling them what fancies they can indulge to their heart's content and what is likely to kill them. Such a direct message might be taken seriously.

OBSERVER

Business as usual

■ Britain has been prominent in arguing the case for more transparency in international arms [illegible]. But word has apparently [illegible] to leak down to the organisers of British arms fairs.

After the Gulf war, John Major led the way by proposing a United Nations register of international arms transfers, to show who was doing the buying and selling. Indeed, officials from Britain and the rest of the world's main weapons suppliers have spent the first two days of this week in Paris discussing this and other ways of restraining arms sales.

However, at the forthcoming Royal Navy Equipment Exhibition everything is being done – as usual – to ensure that nobody finds out who the [illegible]tomers are. There will be a press day, but as soon as the show opens officially, the "general news media" will be shown the gate.

"A lot of these foreign people don't like the idea of the press reporting their presence," says a Ministry of Defence man. Representatives of the "technical" press can be accredited for all five days of the show, but then they can be counted upon to be discreet.

The exhibition is organised by the ministry's Defence Export Services Organisation. However, the MOD notes that it is the companies that pay, and they are concerned that publicity-shy clients might be frightened away. Of course, there are some restrictions on who will be invited – presumably Iraq is excluded. But it would be nice to see a guest list at least.

Nervous

■ A footnote to our story about Sheikh Shakbut, the late ruler of Abu Dhabi who only moved his money from the bedroom to the bank when the rats began to eat it. He entrusted his deposits to United Bank Ltd, the Pakistani operation run by none other than Agha Hassan Abedi, the founder of BCCI.

"Sheikh Shakbut used to ring up at midnight to see his money," recalls one BCCI executive, formerly of UBL. "And he wanted to see the same [illegible] as the ones he'd put in."

Last sentence

■ Tonight's annual Mansion House dinner of the City of London magistrates court promises to be a rather sad [illegible].

Since the demise of the Doge of Venice in 1789, the Mansion [illegible] magistrates court was said to be the only one of its kind still operating in a private residence. In a fortnight's time it will close.

It is a court which figured prominently in the ending of slavery. In 1776, Sir Robert Kite ruled that Jonathan Strong should not be sent to Jamaica as a slave. "The lad had not stolen anything, and was not guilty of any offence, and was therefore at liberty to go away", said the Lord Mayor in a legal decision which paved the way for the liberation of over 15,000 slaves in England.

Over the years other famous figures such as Dr Crippen and Emily Pankhurst – a special cell had to be built for her – have passed through the first floor court. But these days its bread and butter business is handing out fines for traffic offences.

"We are still very busy" says a court official rather defensively, "Upper Thames street can be like a race track some times."

The Mansion House cells are now used to store stationery, and pressure of space, plus security concerns, mean that as from next month the magistrates are moving into new premises in the old National Safe Deposit Company building a few yards away.

Somehow getting a parking ticket in the City will never be quite the same again.

"I can't find the camouflage unit to disband it."

Networking

■ Ten years ago the appointment of a new chief cashier at the Bank of England would have been big news.

The post used to be the equivalent of the chief executive, and men like Sir Jasper Hollom and Lord O'Brien were a power in the land. These days it is just part of Brian Quinn's empire, and the main claim to fame of the new man – Graham Kentfield – is that he gets to sign Britain's bank notes.

Nevertheless, Kentfield's elevation means that the Old Lady can promote a woman – 37-year-old Merlyn Lowther – to head the banking division. Apart from Anne Skinner, head of administration, Lowther will be the only other female in a top position at the Bank which is not an impressive advert for an equal opportunity employer.

Meanwhile Malcolm Gill, the outgoing chief cashier is off to be deputy head of the banking department of the Basle-based Bank for International Settlements.

He is being groomed to replace France's Rémi Gros, who in turn is taking over from another ex-Bank of England man, Ricky Hall, as number two in the BIS after Alexandre Lamfalussy.

Good to see the central banking old boy network operating so smoothly.

Good sports

■ Observer hears that Britain's family broadcasting duo of Sir Paul Fox, former managing director of BBC TV, and son Jeremy, chief executive of the company chasing the Anglia franchise, are also working on another takeover bid. They have their eye on a racehorse which they plan to call Highest Bidder.

Let's hope the nag is more of a runner than some of their putative bids for ITV licences. Jeremy Fox's Three East group is believed to be a few lengths ahead of the Richard Branson/David Frost CPT-TV consortium but the smart money is still on Anglia retaining the title by a nose.

Fox senior – a director of Thames and chairman of one of the three bidders for the commercial TV breakfast franchise - also does not seem to be running well. The odds are shortening on TV-am retaining the trophy, and Thames being outbid by Carlton Communications for the London [illegible]kday franchise.

Steely faith

Both theft- and vandal-resistant, boasts BTH Building Systems of [illegible] galvanised steel [illegible] – the new chapel at Canterbury Prison.

LETTERS

Key to quality of service in public sector

From Mr TJ Head.

Sir, It was a disappointment to find that Mr Maurice Healy omitted (Personal View, July 3) the [redacted] crucial [redacted] in his discussion of the Citizens Charter. The issue is that of the people who work in the public sector, the culture in which they operate and their attitudes.

New decision rules to determine levels of service and the definition of citizen groupings as customers will remain sterile without a cultural change among people providing public services.

Their need *is to re-focus* attention away from the internal procedures of their jobs towards understanding the external demands of customers. Individual measures of performance are the key.

That change is possible. Many people in the public sector have a genuine sense of serving the public; if given the right practices they could deliver the Citizens Charter. Countless organisations have gained recognition for the quality of service they offer, through people. The route is the same for the public sector.

TJ Head,
Human Resource Development,
Lincoln House,
Wellington Crescent,
Fradley Park,
Lichfield,
Staffordshire

Pay criticism is humbug, says water chairman

From Sir Gordon Jones.

Sir, I have no wish to enter the controversy about the salaries increases received by chairmen of water companies in the year following privatisation, but I should like to make three observations:

1. Unlike most nationalised corporations, the chairmen of the old water authorities were appointed on a part-time basis, and salaries reflected that;

2. Even so, ministers at the time (and I write from first hand experience) recognised, and admitted privately, that *chairmen's salaries were too* low in comparison with similar jobs elsewhere, created problems in appointing able executives to the board, and caused distortions in salary structures. Despite all that, it was *felt imprudent* to correct chairmen's salaries – while in the public sector.

3. However, in the prospectuses for sale issued by the government as owner, it was explicitly stated that the salaries of [redacted] and executive members would be adjusted [redacted] market-related [redacted] privatisation" (I write [redacted] from my [redacted] check [redacted] words, [redacted] were certainly their intent).

For the government and the media now [redacted] criticise [redacted] water companies [redacted] what it was openly [redacted] wanted to be [redacted] pure humbug.

[redacted] for [redacted] views [redacted] newspaper, [redacted] being the chairman of a regulated utility is [redacted] than in a normal public company, all I can [redacted] is [redacted] you should try it.

[redacted] regulated may help to avoid the [redacted] effects [redacted] a recession, but as the recent spate of letters from the regulator shows, it is not possible for shareholders to benefit as a result. The regulator is there to protect customers, not shareholders.

Gordon Jones,
chairman,
Yorkshire Water,
2 The Embankment,
Sovereign Street,
Leeds, West Yorkshire

Equality of opportunity for women

From [redacted] Joanna Foster.

Sir, That [redacted] per [redacted] of women managers are married compared [redacted] per cent [redacted] male managers ("Mum's not the word in the corridors of power", July 3) shows [redacted] starkly the differential impact [redacted] parenthood and domestic responsibilities [redacted] the career prospects [redacted] men and women.

There [redacted] no reasonable doubt [redacted] lack of family-friendly policies and of quality, [redacted] pre- and out-of-school [redacted] what drives disproportionate numbers into part-time jobs, too often depriving them of any chance of career progression. Until we tackle this issue in a systematic way, equality of opportunity will remain a mirage for the vast majority of mothers.

"The key to real choice," the Equal Opportunities Commission's well-received discussion paper on childcare, put forward practical suggestions for a national approach to this crucial task based on a strategic alliance of parents, employers, local and central government. the National Consumer Council has just published a valuable report on the same theme. What is now needed is a high-level working group set up to decide the best way forward.

We will not succeed in developing the quality and skilled workforce that Britain so badly needs unless this issue is urgently tackled.

Whoever grasps the nettle first will do a great service for the economy and for children and countless working parents.

Joanna Foster,
chairman,
Equal Opportunities Commission,
Swan House,
52 Portland Street,
London W1V 3DF

A merger of unlike minds

From Mr Michael Ross.

Sir, Your two headlines on Saturday read: "BCCI shut down worldwide amid fraud disclosures", and, next [redacted] it, [redacted] in £1bn hunt [redacted] drugs partner".

Although I left the mergers and acquisitions advisory business in 1974, I am now sorely tempted to return.

Michael Ross,
5 Ulster Terrace,
Regent's Park,
London NW1 4PJ

Doubts over planning for Tecs

From Mr Brian Jarvis.

Sir, Mr Robert Jackson, the parliamentary under-secretary of state, claims that Training and Enterprise Councils (Tecs) pose no problems for national Youth and Employment Training providers (Letters, July 5). He omits to mention that the number of schemes contracted through the national Tecs and National Providers Unit has fallen. In 1990-91 there were about 170 providers contracted in this way. Therefore the 130 now contracted centrally represents a significant fall, not the "handful" claimed by Mr Jackson.

He also omits to mention that in Scotland all the 22 Local Enterprise Companies require individual contracting, as do five of the 82 Tecs in England and Wales.

Certainly there is a strong case for more local control over training arrangements. I, in common with many other national providers, wish more thought and planning had gone into [redacted] they [redacted] launched and even more that the Treasury did not control their finances so tightly.

It is also to be regretted that Tecs [redacted] not allowed [redacted] recruit all their staff in the open market instead of taking over many area office staff of the Training Agency.

Brian Jarvis,
managing director,
HTA,
Waterhouse Street,
Hemel Hempstead, Herts.

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Why the gloom is good for you

From Mr W J Bennett.

Sir, Once again the expression, "*gloom deepens about the* UK economy", is being used in connection with the fall in sales of new cars and houses.

Why should we be gloomy? Inflation, we are told, is the great enemy, and must be conquered. And which two products have always been to the fore in inflating prices? Houses and cars, of course.

Both these products have become seriously over-priced, and the only real remedy available to the consumer is to defer buying them until the price becomes more realistic – and this is what is happening. At last, a real fight against inflation. It is what we all want, isn't it... [redacted] is it?

W J Bennett,
8 Mount [redacted]
Tettenhall, Wolverhampton

A more moderate view of alcohol trends

From Mr Peter Mitchell.

[redacted] The [redacted] of the [redacted] of alcohol taxation require a more [redacted] analysis than that provided by Mr Humphris' observations (Letters, June 29).

He predicts, with certainty, "at least a 25 per cent rise" in UK alcohol consumption were certain European Commission proposals on excise duty to be adopted. In fact, that forecast is highly speculative and its underlying assumptions arguable. Even its own authors raise important caveats about their analysis. Other analyses of possible excise reductions suggest much lower consumption growth: 6 per [redacted] 8 per cent [redacted] most. Though such excise reductions [redacted] unlikely, this outcome would [redacted] more consistent with long-term downward [redacted] in the UK's already modest levels of alcohol consumption.

Even more dubious is the prediction of increased mortality that could supposedly arise from alcohol consumption growth, based on alleged "previous trends". No such trends exist. What exists are widely varying estimates, from different sources, of possible excess mortality from alcohol misuse, including recent findings from an Edinburgh University researcher, suggesting that the claimed levels may be rather lower than anything previously assumed.

If so much doubt surrounds what are the supposed levels of possible alcohol-related harm [redacted] predictions about what might happen over the next nine years seem slightly fanciful.

[redacted] of the [redacted] of alcohol consumption – including recognition of its benefits which, research appears to suggest, [redacted] extend to some health benefits among moderate users – is to be welcomed. But on [redacted] well-substantiated basis rather than questionable [redacted]

Peter Mitchell,
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Guinness,
39 Portman Square,
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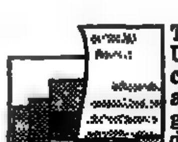
PERSONAL VIEW

Why the west must help save the Soviet economy

By Hilmar Kopper



The Soviet Union's financial needs appear to be growing more daunting by the day. What can be done? Some argue that the multilateral financial institutions ought to take the lead in giving support. The question is: to what extent are existing institutions designed – or even permitted – to tackle the task of reforming the Soviet [redacted]my through advice and financial support?

The recently-founded European Bank for Reconstruction and Development (EBRD), which has its headquarters in London, is bound by its statutes to limit the amount of loans granted to the Soviet *Union to a trifling* $70m a year for the first three years. In addition, 60 per cent of its funds are reserved for private sector projects – an area where the Soviet Union will need time to develop. In the meantime, most of the money that does become available has to be spent on measures to bolster Soviet infrastructure. While the private sector should play a vital role during this interim period, it cannot provide the bulk of the funding needed to improve infrastructure. That is largely the task of public institutions.

In my view, the Soviet Union *ought to became* a fully-fledged member of the International Monetary Fund and the World Bank. Such a move would make it subject to the rules of international finance and accountability. But even assuming that the difficult road to membership is successfully negotiated, the IMF's mandate may not be broad enough to get the job of economic reform done. The World *Bank, which largely directs its* financial efforts towards developing countries, would be more suited to provide the Soviet Union with the detailed project advice it needs.

But one alternative to *seeking western multilateral aid* would be to form a Soviet Bank for Reconstruction and Development (SBRD). The capital endowment might come from domestic public sources with corresponding voting rights for the central *government and* the republics. Part of its funding and some technical assistance should be provided by the World Bank, the European Community, and the EBRD, as well as national governments. But the SBRD should also draw on what is virtually the largest untapped pool of finance for Soviet economic reform – domestic savings.

The experience of the German *Bank for Reconstruction* and Development is instructive. After the second world war, Germany was the only country to set up its own "little world bank". With seed money provided by the Marshall Plan, the German bank played [redacted] role in [redacted] formation and structural reforms, contributing directly to the country's economic miracle. Indeed, since the bank's funds were used on a revolving basis, some of the money first loaned in the 1950s is now helping to rebuild eastern Germany. The bank's focus was on supporting small and medium-*size enterprises* – the back[redacted]

[redacted] SBRD could [redacted] a similar role [redacted] the pivotal link [redacted] the [redacted] and international financial communities. *Its work would focus* on providing services such as formulating investment projects, structuring export finance, facilitating the start-up of new companies, and lobbying for tax incentives.

Together with overall progress in monetary stabilisation, the SBRD could boost the development of the country's capital markets; this would encourage the introduction of long-term bonds denominated *in roubles, thereby improving,* for example, the Soviet Union's standing as an issuer of bonds on the world capital market.

What about the likely reaction of the Soviets themselves? Initially, they may regard the endeavour as *unacceptable* foreign interference. But eventually, they will realise that the existence of such an institution would help the Soviet Union counter criticism that the west is merely throwing good money after bad.

To ensure the most efficient use of any financial package, several steps must be taken.

First, every investment must be carefully overseen to ensure it meets its target. Second, a logbook [redacted] be [redacted] which maps out investment [redacted] by sector, [redacted] region by region. Such information would assure private *investors* about the long-term prospects for economic reform.

The principal focus of economic reform – at both union and republic level – is the transfer of human resources and the establishment of a system of financial management. During [redacted] transition period, western experts should be [redacted] to help [redacted]ge the SBRD. Advice should also be sought from experts in capitalist economies where the state has traditionally played a predominant role, [redacted] Japan.

[redacted] the rise of national movements in the Soviet Union, one last question must be addressed – the position of the republics? Much hinges on the ability of President Mikhail Gorbachev to hold the country together. If he fails the west should, for its part, argue that the former republics secure a customs union and a currency union – to ease the economic cost of political reform.

What should the SBRD's role be in such circumstances? The bank would remain an important factor because it would play *a central role in ensuring* the economic survival of the new political entity. It would do so because it is designed to channel scarce resources in an environment well known to its staff. In short, the SBRD would be an excellent way to leave the era of stop-gap measures behind and move [redacted] providing [redacted] Soviet Union and [redacted] republics with [redacted] sources of capital.

The reform of the Soviet economy is a problem too large to be ignored. That is why the west cannot afford to be ill-prepared when the country finally meets the conditions *sine qua non* of western help – an unqualified acceptance of the principles of democracy and the market economy.

The author is a member of the board of managing directors of Deutsche Bank.

Edward Mortimer

How to keep a 'divisible' peace

The EC is steadily emerging as the principal guarantor of security in Europe

FOREIGN AFFAIRS

"Peace is indivisible," Maxim Litvinov, the Soviet foreign minister, used to repeat tirelessly at League of Nations meetings in the 1930s. He meant that a war anywhere in Europe might expand into general war.

In the circumstances of the time, he was right; and *Maxim's maxim* continued to hold true for post-war Europe, as long as the Cold War lasted. It was not true for the Third World, which the two superpowers tacitly agreed to treat as a kind of no-man's land, where local conflicts could be carried on without triggering a global one, provided they did not escalate beyond a certain point.

But in Europe, peace *was*, or was generally assumed to be, indivisible. In those years the stability of Yugoslavia, even under a communist regime, was seen to be a western interest, because of the risk that serious conflict there would lead to an east-west confrontation; and in practice the same doctrine applied even to east European countries under Soviet domination, at least from 1956 onwards.

Has peace in Europe become "divisible", now that the Cold War has ended? Yes, says Richard Ullman, professor of international affairs at Princeton, in a recent book.[1] He predicts a number of conflicts in eastern Europe, including Yugoslavia, arising from "the claims of populations that inhabit given geographic areas for changes in the governmental arrangements under which they live". But, he says, larger states such as Germany and the Soviet Union are unlikely [redacted] involve themselves in [redacted] conflicts as they did in the [redacted] because they no longer see themselves as having much of a positive stake in that region. In particular, neither is likely to believe that it needs to deploy military forces there in order to forestall the expansionist designs of the [redacted]

He admits, however, that both do have considerable "negative stakes", in the [redacted] well-being of [redacted] citizens can be diminished by "activities originating [redacted]ithin or passing over the borders of the region's [redacted] the moment they seem [redacted] *common interest in containing* and averting those dangers. But Mr Ullman perhaps underestimates the extent to which things could change for the worse if a more xenophobic regime were to come to power in Moscow.

German influence in eastern Europe is bound to grow, for both economic and cultural reasons. This prospect is already causing some nervousness both inside and outside the region. Another book on the same theme by the British scholar Adrian Hyde-Price[2], published today, notes in passing that providing a counterweight to German influence is one of the "unspoken functions" of the Italian-sponsored Pentagonale group (Italy, Austria, Hungary, Yugoslavia, Czechoslovakia, now also joined by Poland).

[redacted] clearly are people in Moscow, and especially in the

States such as Germany and the Soviet Union no longer believe they have much of [redacted] positive stake in east/central Europe

Soviet armed forces, who also [redacted] about this influence, and who if they gained the upper hand in internal Soviet power [redacted] would be tempted both to exploit local east European resentment of it and to seek to counter it through military dispositions. The chances are [redacted] these two methods would prove incompatible and effectively cancel each other out. But it would be unwise to take that for granted.

That may be one reason why west European leaders are not behaving, at present, as if they believed European peace had become divisible. On the contrary, they are treating the Yugoslav crisis, even though its military aspects have so far been confined within Yugoslavia's external borders, as if it did indeed pose a threat to the peace of Europe as a whole.

But the *real moment of* truth, in Mr Ullman's terms, has not yet arrived. He advocates the creation of a European Security Organisation (ESO) whose members – including [redacted] and most, if not all, [redacted] members of the Conference on Security and Co-operation in Europe (CSCE) – would commit themselves to come to each other's defence if attacked. But, he says, this commitment would be more likely to be put into practice in a crisis involving large powers – for instance, "the principal members of a post-Nato ESO might well unite forcibly to oppose expansionist aggression by a recidivist Soviet Union" – than if "the antagonists were relatively weak and if their dispute appeared to endanger no-one but themselves"; and he specifically includes an outbreak of warfare "between two Yugoslav republics" in this latter category.

The response then, according to Mr Ullman, "would probably be limited to the extension of good offices for damping the conflict... In the instance of flagrant aggression, they might apply economic pressure such as trade sanctions or even a freeze of the aggressor's assets. [redacted] would be unlikely", because "for other states to risk the lives of their own citizens in attempting to impose a settlement would put too severe a strain on their own domestic politics". This prediction may well be proved right if the EC's current mediation efforts fail and the rival parties in Yugoslavia go ahead with large-scale war against each other. Diplomacy may then fall back on efforts to contain the conflict within Yugoslavia (perhaps even within specific areas of Yugoslavia) rather than to resolve it. In this case, Europe's peace will indeed have become divisible.

Mr Hyde-Price rejects the idea of a *single*, unitary structure of European security, advocating instead "a system of interlocking and overlapping structures, with no institutional hierarchy". That sounds much more like what we are in the process of getting. But the division [redacted] labour may [redacted] be [redacted] the [redacted] Mr Hyde-Price postulates. [redacted] suggests that "the CSCE could provide a framework for pan-European *security dialogue*", [redacted] possibly also "a [redacted] for addressing some of the national and [redacted] conflicts in [redacted] Europe and [redacted] Balkans"; Nato would "remain the bedrock of west European col[redacted] defence", the Western European [redacted] could "provide [redacted] independent [redacted] European security co-operation (especially 'out of area')", and the EC is relegated [redacted] the "economic and [redacted]" aspects of security.

In practice the EC, or to be more pedantic the Twelve, find themselves increasingly playing [redacted] political and security role, and assigning to the WEU the [redacted]ordination [redacted] any strictly military actions that this role turns out to require. There are several reasons for this. First and foremost is the political weight and prestige which the EC derives both from its strictly economic clout and from its success as a model of integration – effectively *the* Europe to which all Europeans aspire ultimately to belong. Then there is the fact that, for all its institutional imperfections, its leaders are now in virtually constant contact with each other and capable of taking decisions and acting on [redacted] rather quickly. And finally there is the fact that the US seems [redacted] assign [redacted] leadership role [redacted] the [redacted] in matters concerning east-central Europe, though not yet in matters concerning the Soviet Union.

Thus although N[redacted] remains an indispensable "foul-weather" insurance policy, and CSCE is being developed more rapidly than expected as a framework for various kinds of peacemaking and peacekeeping activities, it looks increasingly as though the EC, or the European Union now being built upon it, will gradually emerge as the central pillar of a new European security system.

[1] *Securing Europe (Adamantine Press, £13.50).*

[2] *European Security Beyond the Cold War: Four Scenarios for the Year 2010 (Royal Institute of International Affairs/Sage, £11.95).*

FINANCIAL TIMES

Wednesday July 10 1991

Fallen heroes upset Japan's psyche

Recent financial scandals are undermining traditional values, writes Robert Thomson

"Working for Nissei Corporation has been my only goal in life. At last, today I can call myself an employee of this same company. I'm not dreaming, am I?"
– From the novel Shosha Man by Shinya Arai

JAPANESE business novels, in [illegible] fiction [illegible] finan[illegible] are [illegible] sellers. They describe the daily struggles of well-meaning office workers and of section chiefs at the great trading houses, and the rough, tough, sometimes sleazy but ultimately honourable world of the securities industry.

The revelations of the past two weeks in Tokyo have [illegible] popular imagination beyond the boundaries of these pulp novels. Ordinary Japanese are genuinely shocked that securities houses have been so dishonourable, and that a section chief at a great trading house ran a steel scam that bankrupted a small supplier and brought shame to his industry.

Business novels overflow with loyal office workers because Japanese industry is full of the very same people. The feelings of the Shosha Man have been typical of young Japanese on induction day at the famous securities houses of Nomura or Nikko or at renowned trading companies, the *sogo shosha*, such as Marubeni.

It is difficult to gauge the depth of disillusionment among Japanese. But the events of the past few weeks have contributed to a growing sense of unease about the terms and conditions of Japan's social contract.

Japanese have liked to think of themselves as lower middle-class, as having shared equally in post-war prosperity. But the speculative [illegible] the late 1980s in [illegible] land made clear that not all Japanese are equal. While the office employee was struggling to buy an apartment three train changes from central Tokyo, developers turned vacant lots into car parks and simply waited for land prices to continue their relentless rise.

The obvious injustice angered many Japanese, but they still had a certain faith in the companies that had led the country to wealth. They still wore the company lapel badges proudly. Japanese television has told this month of employees at scandal-stricken companies who have taken off their badges when in public. University students who were ready to devote their lives to Nomura or Nikko are said to be thinking again.

Nobody has been surprised by the news of gangsters' fondness for golf clubs and share price manipulation, and it has always been presumed that brokers favoured corporate investors over the individual.

But the continuing parade of scandals, the expectation of much more to come, and the not particularly honourable behaviour of cornered executives have come as a shock.

A day after Nomura sent a managing director to a press conference to deny that it had unfairly compensated select clients, the company confessed that it had arranged compensation. On his last day as president, Mr Yoshihisa Tabuchi suggested the company had done no wrong. A few hours later, the new president, Mr Hideo Sakamaki, publicly apologised for his predecessor's earlier remarks. Yesterday the company found its name linked to further questionable dealings.

Many Japanese had thought that a corporate turning point was marked by the Lockheed scandal of the mid-1970s, when Mr Kakuei [illegible] was forced to resign as prime minister for having received Y500m in bribes. Several other leading companies, including Marubeni, were implicated, and executives ritually resigned.

The Recruit stocks-for-favours scandal, which forced the resignation of Mr Noboru Takeshita as prime minister two years ago, involved a corporate new chum. Recruit had attempted to buy the prestige and political influence accorded the corporate elite, and the company never represented the "traditional, spiritual values" that make men heroes in the best-loved business novels.

Recruit, too, was rooted in the speculative spree. Politicians receiving shares had few fears that prices would fall. Less influential Japanese had the same confidence when they bought shares in Nippon Telegraph and Telephone (NTT) on its listing in 1987. The issue is now priced at less than a third of its 1987 peak, and a government advisory panel last week recommended that foreigners be allowed to buy NTT shares.

The government has appeared as bewildered as the populace at the latest scandals, but there is no serious talk of reforming corporate Japan and [illegible] for the [illegible] worker, whose expecta[illegible] been modest for the sake of the greater commercial and national good.

Having watched the denials, confessions, apologies [illegible] resignations [illegible] recent days, the workers of Japan were told last [illegible] there is cause [illegible] some [illegible]. An official survey of listed Japanese companies had found that employers will grant an average of 7.43 days off this summer, a rise of 0.17 days from last year.

At that pace, an ordinary office worker will get a full extra day's leave sometime after 1995. Japanese workers were unusually willing to condemn their unions for agreeing to only a 5.5 per cent pay increase at the annual spring negotiations this year – the rise was accepted on the understanding that time off will expand substantially in the next few years.

And younger workers appear more willing to question the attitude of some companies that insist petty practices are good for discipline and character-building. Securities houses are famous for their tough treatment of the new intake, while tales are told by Japanese friends of bank managers who still insist that branch staff stagger their five days of leave.

The ritual humiliation was easier for young office staff to bear when their executives were heroes. And the low pay and few holidays were acceptable to stalwart company men when the very name of their company inspired respect. Change does not come quickly in Japan, but the ingredients are there.

"For 25 years I have served Nissei with devotion and loyalty, carrying out all my assignments perfectly. No one else could have done them better. My performance record is unblemished. Therefore I deserve to be promoted to Management Grade One today. But I have been passed over. Why? Please tell me why."
– From Shosha Man

THE LEX COLUMN

Extra baggage for BAA

Aside from a blip during the Gulf war, BAA's earnings since privatisation have been well ahead of expectations. So it is no surprise that the Civil Aviation Authority has followed the example of other privatised utility regulators in seeking to impose a tough new pricing regime. Whether its new-found machismo will stick is another matter. Restricting BAA to a 7 per cent current cost return on capital would render uneconomic its £1bn plan for a fifth terminal at Heathrow.

That would provoke a political storm in which BAA would be able to muster forces far more powerful than those at the disposal of the water and energy utilities. Not only is British Airways anxious to see the terminal built; the government itself is promoting transport spending to reduce congestion.

The proposed formula, which restricts BAA's charges to airlines to the retail price index minus 8 percentage points, is tougher than the market expected and would take the shine off BAA as a long-term growth stock. But it applies only to around 30 per cent of total revenues. The short-run impact on earnings should be small, while the CAA has at least accepted the recommendation of the Monopolies and Mergers Commission that BAA should be allowed to recoup revenue lost through the disappearance of intra-European duty free sales.

The problem [illegible] more [illegible] unlike the MMC, the [illegible] stymied [illegible] long-term [illegible] plans by making no firm provision for revenues to increase once construction on the fifth terminal gets under way. Fierce political debate on this point will overhang the share price until the final formula is set in October. Still, investors should not have been taken aback by yesterday's 10p fall to 424p. They have had plenty of warnings that utility regulators can be every bit as changeable as the market.

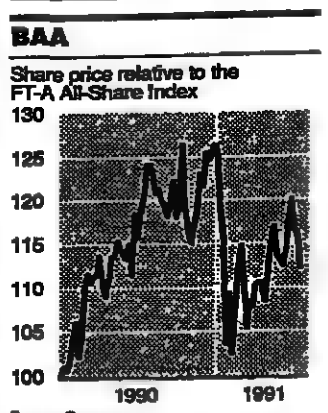
UK economy

The June data on UK factory gate prices make it clear that the slowing of output inflation foreshadowed for several months by the Confederation of British Industry is now a reality. Measured by the quarter rather than the month, the annual inflation rate for manufactured goods excluding food, drink and tobacco had been rising for more than two years, reaching a peak of 6.4 per cent in this year's first quarter. In

FT-SE [illegible] (+21.1)

BAA

Share price relative to the FT-A All-Share Index



Source: Datastream

the second quarter, it has fallen sharply to 5.5 per cent. On the premise that retail price inflation tends to lag output prices by six or nine months, a fall in core inflation in this year's second half looks pretty well assured.

The markets have taken this to mean that a cut in base rates is now a certainty. Three-month money is now at 11⅛ per cent, while the forward market is discounting a [illegible] half point [illegible] by September. This partly depends on whether the Bundesbank moves tomorrow. But with sterling precisely in the middle [illegible] the [illegible] yesterday, [illegible] in [illegible] might [illegible] too long.

Burton

Something rather curious is happening to the Burton share price. When the company surprised the market with its rescue rights issue 10 days ago, the shares stood at 46p. Despite the all-important injection of fresh equity, the price is now 38p, just 8p above the rights price. The more the market thinks about it, the less it likes the picture of Burton's cash flow over the next year or two as it extricates itself from its property ventures. More fundamentally again, the investor putting new money into Burton needs to be sure that when these difficulties are behind it, it will be able to renew its success with the UK consumer. The longer and steeper the present decline, the less that can be counted on.

There is perhaps a further difficulty, illustrated by the parallel and more extreme case of Mountleigh, whose shares were at 54p when it announced a rights issue last Friday and are now 26p, just 1p above the rights price. The heavier the rights issue – and Mountleigh's is two for one, Burton's *one for one* – the wider the margin the market needs to be confident that a flop will not drive the price through the floor. The notion of the rescue rights issue is being tested to the limit at present. If Asda is still contemplating one with its figures tomorrow, it will need some compelling arguments.

Germany

The German government's decision to eliminate DM10bn in subsidies helped the DAX index rise 1¼ per cent yesterday, while bond yields eased marginally after their recent surge. But the low volume suggests that fears of higher interest rates and the investment tax row continue to preoccupy financial markets. Rising inflation and D-Mark weakness, sparked by both the tax furore and the crisis in Yugoslavia, speak for an increase in rates at tomorrow's Bundesbank Council meeting, the last to be chaired by Mr Karl Otto Pöhl. Yet the decision is finely balanced. The central bank may prefer to wait until August and see how far this month's tax increases feed through to retail prices.

By then, too, it will have a clearer idea of how the government will deal with the Constitutional Court's demand for tighter tax controls on investment. It is unlikely to repeat the 1989 fiasco when withholding tax was introduced and almost immediately repealed because of the massive flight of capital. An alternative would be to step up reporting requirements by banks while raising the tax exemption on investment earnings. That would have the advantage of encouraging saving to fund the costs of unification.

Trinity/Southern

Newspaper ownership [illegible] strange [illegible] the mooted bid from Trinity International [illegible] Southern [illegible]ewspapers [illegible] open [illegible] its darker continents. [illegible] part, Southern's board has discretion over whom it registers on its shareholder list, a power which would seem to make it tough for Trinity to build a stake unless it can find some legal way round. But feel no sympathy for Trinity. Its ordinary shareholders have limited voting rights while each of its 12 directors has a management share commanding 1,000 votes. Shareholders on either side of a bid likely to be worth over £50m look like having little say on the outcome.

Support in presidential election tied to increased republic sovereignty

Yeltsin backs Gorbachev stand

By John Lloyd in Moscow

RUSSIAN leader Boris Yeltsin said he would back President Mikhail Gorbachev in national presidential elections if Mr Gorbachev continued to respect the sovereignty of the country's republics.

Mr Yeltsin's comments, reported by the official Tass news agency, marked a new step in the reconciliation process between the two men.

The declaration of support follows Mr Yeltsin's sturdy endorsement of the Soviet president's efforts to sign a new union agreement on Monday night.

It raises the collaboration between the two men to a new level, and strengthens Mr Gorbachev in the run up to the Group of Seven summit in London next week, at which he will propose a new relationship between the Soviet Union and the advanced industrial countries.

Mr Grigory Yavlinsky, [illegible] former deputy premier of Russia, who developed a radical reform plan in association with US experts, was this week invited to accompany Mr Gorbachev to London – a sign that the Soviet leader favours his strategy.

Grigory [illegible]avlinsky: signs [illegible] his strategy is favoured

Mr Gorbachev yesterday gave a confident prediction that a union treaty would be signed this month by eight of the 15 republics and that more than those presently [illegible] to sign would ultimately be party to it.

The [illegible] president, in buoyant mood at a joint press conference with Mr Felipe Gonzalez, the Spanish Prime minister, predicted that all the outstanding Soviet debts would be paid and that the convertibility of the rouble would be speeded up.

Mr Gorbachev's optimism was based on an agreement with leaders of eight republics on Monday night to put the final touches to the union agreement over the next two weeks – while leaving it open to other republics, especially the Ukraine, to sign at a later date.

Mr Gorbachev said that the republican leaders wanted all amendments to [illegible] treaty which had been requested by the republics to be incorporated by mid-July, and the [illegible] then signed without delay.

He said that information available to him had shown that 70 per cent to 80 [illegible] cent of the populations of the republics [illegible] had [illegible] to [illegible] the treaty were for it – and [illegible] that [illegible] these would ultimately join the process.

So far the three Baltic republics, Georgia, Armenia and Moldavia have refused to sign the treaty.

Soviet merchant fleet on brink of collapse, Page 2

US set to lift South African sanctions

By Lionel Barber in Washington

THE US is expected to lift economic sanctions against South Africa in the next few days, possibly as early as today.

Announcement of the decision by President George Bush is awaited in Washington after the return of South African sport to the world arena yesterday, when the International Olympic Committee granted full recognition to the country's national Olympic entity after a break of 21 years.

The IOC, meeting in Lausanne, Switzerland, cleared the way for South Africa to take part in the Barcelona Olympics next July and possibly the winter games in Albertville, France, in February. The Springboks last competed in the Rome Games in 1960.

A US move on the economic front will in effect mark the end of significant sanctions other than the oil embargo and a UN ban on arms shipments, providing the biggest boost to South Africa's President F.W. de Klerk since he took office two years ago and set about dismantling apartheid.

It will allow the resumption of direct air links with South Africa, the lifting of bans on new investment and commercial bank loans, and an end to embargos on US imports of [illegible] iron, steel and uranium, as well as agricultural products, textiles and products from South African state-owned organisations.

Mr Bush has long signalled his intention of lifting sanctions as soon as the Pretoria government had fulfilled conditions laid down by Congress.

Mr Bush has the power to lift sanctions once he certifies through an executive order that the conditions are met. Congress has 30 days to challenge the action, which can be reversed only by a majority in both houses.

Reuter reports from Lausanne: The prime mover in South Africa's Olympic rehabilitation was Mr Keba Mbaye, an IOC vice-president from Senegal. Mr Juan Antonio Samaranch, IOC president, said: "It's not a solution that comes from Europe or America, it's a solution that comes from Africa."

Mr Samaranch has always insisted that only Africa could determine when South Africa could return to [illegible] Olympics.

Mr Sam Ramsamy, head of the five-strong South African delegation in Lausanne, welcomed the decision but warned: "Unity and non-racialism are meaningless if there is not going to be total and adequate participation of the disadvantaged sectors [illegible] South [illegible] sport."

GTE to build Moscow telecoms network

By Hugo Dixon in London

MOSCOW'S business community is to have a modern telecommunications [illegible]tem in place by [illegible] as the result of a joint venture with GTE, the US lighting and telecommunicati[illegible] group.

The venture, expected to cost [illegible] will make communications between Moscow and the rest of the world much faster by bypassing the Soviet Union's antiquated telephone system.

It will be announced today in New York and Moscow. Called Sovintel, it will involve GTE, the Soviet authorities and San Francisco Moscow Teleport, an entrepreneurial US telecommunications group, and will focus on foreigners and business customers.

International calls from Moscow are now often delayed for several hours because of a shortage of circuits. It is also difficult to communicate by fax because the transmission quality is poor.

Lack of effective communications is seen as a deterrent to foreign companies wishing to do business in the Soviet Union.

Sovintel is installing its own international switch with 240 dedicated circuits. The joint venture says this is almost half the number of circuits the whole of the Soviet Union now has with the rest of the world.

Initially, Sovintel will serve four top international hotels, which will have a modern touch tone phone in every room, and Expocenter, the main international business centre. Customers will have to pay in hard currency.

There are plans to expand the network to more hotels and, when the rouble becomes convertible, to the rest of the city.

SFMT, which is backed by Mr George Soros, the Hungarian American financier, has signed joint ventures for similar projects in other parts of the Soviet Union, but is not yet making these public.

The Soviet Ministry of Communications will own 50 per cent of the joint venture, with GTE and SFMT owning the rest.

The Sovintel venture is the latest in a series of initiatives to upgrade the Soviet telecommunications network. AT&T, the US telecommunications group, is installing a network in Armenia, while Australia's OTC is building one in Kazakhstan.

GTE Spacenet, a GTE satellite subsidiary, is constructing the new network for Sovintel. It will consist of a public switch and several private switches interconnected by microwave and linked to the rest of the world via satellite.

Criticism grows in Britain over closure of BCCI

Continued from Page 1

under the UK's Deposit Protection Scheme cannot begin until a winding up order has been made. So yesterday's move reduces the period of time that depositors face before receiving a pay-out.

Across [illegible] UK yesterday, increasing numbers of aggrieved depositors began to [illegible] action groups to press [illegible] compensation than the £15,000 maximum they will get under the scheme, even though the government has ruled out any extra payments.

In Manchester, the law firm of Alexander Tatham, which was one of the leaders of the successful campaign in 1989 by investors to obtain compensation for the collapse of the investment firm Barlow Clowes, said it had begun to form a pressure group.

"There are parallels here if it can be proved that the Bank of England didn't do their supervision job properly", said Mr David Pine, senior partner of the firm.

An all-party group of MPs was also set up to help depositors caught up in the BCCI collapse.

In the House of Commons, Mr John Major, the prime minister, expressed concern for the plight of depositors, but held out no hope of a change to the existing arrangements for the depositors protection fund.

Challenged by Mr Paddy Ashdown, leader of the centrist Liberal Democrats, [illegible] look again at the rules governing compensation for "people whose livelihoods are being destroyed", Mr Major said he understood the scale of their difficulties, and said that the protection fund, explicitly for small depositors, would apply.

The lengthening list of BCCI casualties includes local councils which had lodged millions of pounds with the bank, some only days before the closure.

The Association of Metropolitan Authorities said it knew of five members that had money with BCCI, in amounts ranging from £1.15m to "several million pounds". The AMA had written to other authorities to establish the extent of the problem.

Many small businesses are also being forced to close because the freezing of their bank accounts makes them vulnerable to charges of wrongful trading under the UK's Insolvency Act.

WORLDWIDE WEATHER

[illegible]

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

Hanson feels impact of ICI's tactics

[redacted] Hanson bought its [redacted] ICI, the reaction [redacted] many observers was that [redacted] leading [redacted] company [redacted] changed beyond recognition, whether [redacted] not [redacted] ally [redacted] a [redacted] bid. [redacted] expected, but increasingly likely, is [redacted] never be the [redacted] again. Robert [redacted] and Roland [redacted] at the shift of [redacted] in one of the biggest corporate [redacted] year. Page 25

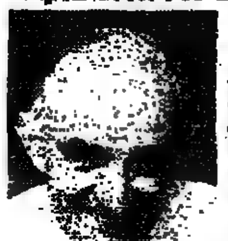
Well, well, well

The [redacted] oil [redacted] gas field in [redacted] in the [redacted] the Andes mountains, where forested slopes give way to vast plains. [redacted] BP [redacted] the [redacted] oil company, Ecopetrol, announced a "significant discovery" there [redacted] is already being compared favourably with some [redacted] leading finds in [redacted] years. "It's big enough to make an [redacted] and [redacted] impact in Colombia," [redacted] one BP [redacted] Kendall reports. Page [redacted]

Change for the better

[redacted] rare [redacted] find the praise [redacted] virtually unqualified. [redacted] Imcera, the fertiliser company turned health care product maker, has won [redacted] plaudits all round. Analysts [redacted] sceptics [redacted] the company's metamorphosis are now [redacted]. However, [redacted] one cloud on the horizon: some analysts fear the company's shares may well [redacted] overvalued. Barbara Durr reports. Page 20

Expansion for Lancer Boss



Lancer [redacted] Group, Britain's [redacted] independent lift [redacted] maker, yesterday announced the purchase of a 60 per cent stake in Hyco of Italy – one of the world's leading manufacturers of reach stackers. The deal fills a "worrying" [redacted] in [redacted] lift truck [redacted] according [redacted] Bowman-Shaw (above) Lancer Boss Group chairman. The takeover, [redacted] which [redacted] disclosed, continues a gradual trend [redacted] tion in Europe's lift truck industry. Page 25

J. Sainsbury and US workers battle over labour contract

Negotiations between J. Sainsbury, the leading UK supermarket group, and employees at its US subsidiary Shaw's Supermarkets, have [redacted] increasingly [redacted] as [redacted] tle over a new three-year labour [redacted]. Disgruntled employees [redacted] threatening [redacted] the British [redacted] in [redacted] week, [redacted] company amends plans [redacted] change medical and other benefits. Page 25

Chief [redacted]

FRANKFURT (DM)				**[redacted] (FFr)**			
Rises				**[redacted]**			
Badenwerk	[redacted]	+	8	Arjomari Prioux	2160	+	104
Bayer Vereins	377.5	+	8.5	Cap Gemini S	[redacted]	+	12.2
Daimler-Benz	751	+	8	Gen Occidentale	738	+	23
Karstadt	641	+	[redacted]	[redacted]	[redacted]	+	8.9
Falls				**Falls**			
Hapag Lloyd	[redacted]	–	7	Locafrance	[redacted]	–	14
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Digital Equ	65⅛	+	1⅞	[redacted]	1610	+	[redacted]
Intel	45¾	+	1⅛	Towa Rl Estate	610	+	[redacted]
Nike	41⅞	+	[redacted]	TYK	[redacted]	+	180
Sun Micro	30⅜	+	1⅞	**Falls**			
Falls				Teisan	[redacted]	–	80
Fibronics Int	5⅞	–	1⅞	Toyo Carbon	[redacted]	–	65
Tandem Comp	14⅞	–	⅝	Yuasa Trading	520	–	70

New York prices at 12.30.

LONDON (Pence)							
Rises				[redacted]	100	+	28
ADT	[redacted]	+	25	Waterman Part	86	+	8
Arjo Wiggins	[redacted]	+	11	Yule Catto	188	+	14
Auto Security	194	+	8½	**Falls**			
Bilton [redacted]	325	+	14	BAA	424	–	10
Borland	[redacted]	+	[redacted]	Barry Wehmiller	121	–	25
Clinton Cards	198	+	8	Beazer	72	–	7
Control Sec	18½	+	[redacted]	Hewlett Shiffy	326	–	12
[redacted]	83	+	[redacted]	JLI	162	–	8
[redacted]	47	+	10	Linread	[redacted]	–	12
Microscope	137	+	17				
SmKl Beechm B	802½	+	11½				

Citicorp may shed 10,000 more jobs

By [redacted] in [redacted] York

CITICORP, [redacted] largest US bank, is considering reducing its worldwide [redacted] by [redacted] 10 per cent, or [redacted] people, [redacted] the next 18 months as part of a cost-cutting programme which has already eliminated 7,000 jobs.

All the large New York money centre banks are cutting staff to cope with a sharp downturn in profitability, but the potential Citicorp reduction is by far the largest yet announced, in either absolute or percentage terms.

The possibility of the total job cuts reaching 17,000 was revealed by [redacted] John Reed, Citicorp's chairman, [redacted] he spoke to a [redacted] meeting [redacted] working for [redacted] bank during their summer vacation.

A spokeswoman for the bank confirmed the figure yesterday, but said it was not cast in stone [redacted] cuts might [redacted] partly by hirings in fast-growing parts of the business.

The bank, [redacted] had [redacted] employees at the end of 1990, had previously [redacted] merely that it wished to cut staff by 8,000, but Wall Street analysts had predicted that it would need to eliminate around 15,000 jobs.

The job losses are part of a programme, announced by Citicorp last January, to cut $1.5bn of costs by 1993.

Senior executives around the group have [redacted] to trim [redacted] rely [redacted] heavily on central [redacted] services, such [redacted] computers [redacted] specialist staff.

Citicorp said yesterday that the cuts would come mainly from management [redacted] staff, rather than in areas where employees met [redacted] directly. The job losses would involve [redacted] as [redacted] attrition, [redacted] some would result from the sale [redacted] peripheral businesses.

Analysts said the [redacted] likely to involve large new restructuring charges for [redacted] group, which took a [redacted] charge in the fourth quarter [redacted] year [redacted] cover [redacted] initial [redacted] target.

Citicorp, in common [redacted] other large New York banks, has been hit hard by the downturn in the US property market and [redacted] in [redacted] large foreign markets.

The bank is expected to set aside about $1.5bn this year in bad debt provisions and is seeking to strengthen its capital base by $4bn to $5bn by 1993.

It raised $1.19bn last winter through issues of stock but the remainder is to come from asset disposals – possibly including a stake in its credit card business – [redacted] internal savings.

NEC to take 4% stake in Groupe Bull parent

By William Dawkins in Paris

[redacted] BULL, [redacted] French state-controlled computer maker, yesterday confirmed its politically sensitive accord with NEC, the Japanese electronics giant.

The pair have signed a memorandum [redacted] understanding [redacted] NEC to take a 4.7 per cent stake in Bull's holding company, Com[redacted] des Machines Bull, in exchange [redacted] NEC's 15 per cent [redacted] in Bull HN, [redacted] French group's main US unit.

However, the French government has inserted a last-minute change, giving it the option to buy NEC's shares.

The conditions of the government's buy-back option are confidential.

Bull said NEC's arrival as a shareholder was linked to their eight-year-old commercial agreement. Under this, Bull distributes and provides operating software for sales of NEC's most powerful mainframe – the DPS 9000 – in Europe.

Bull HN makes [redacted] Groupe Bull's [redacted] machines in North America, Italy, Britain and the Pacific Rim. Bull (Europe) does the same for the rest of Europe and Zenith Data Systems (ZDS), the US group purchased two years ago, is responsible for microcomputer sales around the world.

Under the reformed structure, there will be one product systems division, embracing manufacturing research and development for the whole group. ZDS, however, will continue to handle microcomputers separately.

[redacted] HN will handle [redacted] tion and [redacted] North America [redacted] the Pacific Rim, while Bull (Europe) will distribute [redacted] Europe, [redacted] of France.

Kalms aims to serve up a winner

John Thornhill reports on how Dixons is surviving the recession

Mr Stanley Kalms, long-serving chairman [redacted] the Dixons electrical retailing chain, becomes highly [redacted] when he talks about his company these days. Despite the severe recession which has [redacted] into a vicious tailspin, the feisty Mr Kalms [redacted] still [redacted] great believer in the strengths of the business he has working for since 1948.

Some industry [redacted] depicted Dixons [redacted] industry leader whose 13 per cent market share is being steadily gobbled up by a new breed of nimbler, hungrier competitors.

But Mr [redacted] explodes [redacted] the suggestion. "We [redacted] just [redacted] our competitors in [redacted] single aspect of our business, a bloody sight better," he shouts. "[redacted] is more excitement in [redacted] stores, [redacted] displays [redacted] better, the quality [redacted] is higher, their fingernails [redacted] cleaner..." [redacted] goes on.

[redacted] faith in his business [redacted] likely [redacted] vindicated today as London analysts [redacted] that Dixons will report annual pre-tax profits of about £80m ($128m). Although this marks no advance [redacted] year's outcome, it repre[redacted] a [redacted] performance [redacted] today's trading conditions.

Profits in the UK, in particular, are expected to have improved significantly, although the group's Silo chain in the US will [redacted] worse.

Analysts [redacted] impressed by [redacted] company's progress in driving down costs and reviving the performance of many areas of its business.

After years of underperformance, Dixons' shares appear to have pulled out of their dive. They have outperformed the FT-All Share Index by more than 30 per cent since January.

Although, as yet, there are few indications of any improvement in trading conditions, London analysts have clearly decided that Dixons will be in a strong position to profit when trade does pick up. Even so, analysts suggest it will be a long time before the company regains the profit levels of more than £100m it enjoyed in the late 1980s.

Dixons believes the 1990s will present a different set of challenges than the previous decade and it has been reshaping its business accordingly. It is trying to meld the aggressive entrepreneurial spirit for [redacted] is famed with modern management [redacted]stems and service standards, for which it decidedly is not.

The company began a serious review of its business in the mid-1980s following extensive market research studies into consumer attitudes.

"I think we recognised around the middle of the 1980s that what we offered customers was not going to be acceptable in the second half of the 1980s, let alone the 1990s," says Mr John Clare, Dixons' managing director.

The company realised that competitive battles in the 1990s would increasingly be fought in the fields of computer systems, stock distribution and delivery, repair services, staff training and motivation, [redacted] faction.

Mr Mark Souhami, group managing director, says: "Whereas five years ago the product was the be-all and end-all, it is now just the starting point."

Dixons' evolution was further galvanised in 1989 by a hostile bid from Kingfisher, which runs the rival Comet electrical retail chain. Kingfisher forced Dixons to re-examine its strategy, even though the bid was blocked by [redacted] Monopolies and Mergers Commission on competition grounds.

In recent years, Dixons has refined the [redacted]keting strategies of its two main chains in the UK.

The [redacted] stores are designed as toy shops for grown-ups. Clustered in the high street and offering as wide a range of electronic products as possible, Dixons appeals to those looking for the latest technological products, be they personal Karaoke kits, CD videos, [redacted] – in coming years – high [redacted] televisions.

On the [redacted] hand, [redacted] Curry's chain [redacted] stores, [redacted] targeted [redacted] the more nervous [redacted]er who [redacted]. The stores, increasingly [redacted] out-of-town, are aimed [redacted] shopper looking mainly [redacted] "white" goods, such [redacted] fridges, cookers and washing machines.

But as well [redacted] trying to develop the appeal [redacted] appearance of [redacted] stores, Dixons has concentrated on providing greater back-up systems and services.

The very idea of positioning Dixons as a service-led retailer is no doubt a laughable concept to many shoppers; its poor standards of service – [redacted] other electrical retailers – have become legendary.

But, as Mr Clare says: "Before you buy, as you buy and after you have bought, the quality of service is likely to be an increasing discriminator as far as the customer is concerned. If that is true, we have to be the best if we want to remain market leaders."

Dixons is developing its Mastercare programme to deal more efficiently with the 1m repairs it receives every year. Two experimental repair stations have been introduced in its stores offering instant diagnosis of problems and same-day repair.

Consumer response has been enthusiastic and Dixons will introduce the concept to 25-30 stores by November and to another 130-140 stores by the end of next year.

A more cost-effective distribution network has also been established and the Dixons and Currys chains have been fully integrated. Earlier this month, Dix[redacted] announced a £10m contract [redacted] Siemens-Nixdorf, [redacted] German computer company, to upgrade its systems to provide a 24-hour, on-line network throughout its 800 stores.

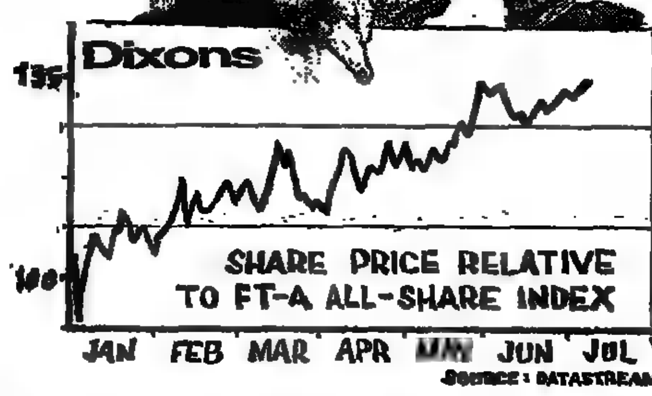
The company stresses that these developments are at an early stage and is keen not to promise before it can deliver. But in a paradoxical way, the recession has been good for Dixons.

"We have discovered how much there is to discover," says Mr Kalms. "Over the years, the business just kept on growing and we had not given as much attention to ourselves as to our customers. But we have been forced to do so by this recession and it has proved salutary. It is not about firing people; it is about doing things better."

But Dixons still has its doubters. Although recognising the scale of Dixons' restructuring programme, Mr Paul Deacon, retail analyst at Goldman Sachs, questions whether offering a service proposition really will be the secret of success – even if such a huge task can be achieved.

He points to the US, where service-led retailers have often fallen prey to the "category killers". These sell high volumes of specialist goods at slim margins.

"What will happen in the UK if a retailer comes along, dispenses with service and just sells boxes at discount prices?" he muses.



Kalms: 'Better than our competitors, a bloody sight better'

BAA faces tighter than expected pricing code

By Paul [redacted], Aerospace Correspondent

THE UK Civil [redacted] Authority yesterday proposed a tighter than expected pricing [redacted] for BAA, the former [redacted] Airports Authority.

The proposed five-year pricing formula limi[redacted] airline landing [redacted] parking [redacted] at BAA's three London airports of Heathrow, Gatwick and Stansted to the rate of inflation minus 8 percentage points from next April.

The proposal is tougher than a recommendation by [redacted] UK's Monopolies and Mergers Commis[redacted] restricting BAA airport [redacted] inflation minus 4 points. The recommendation was made in a 500-page report published yesterday after a six-[redacted] into BAA's London airports.

Sir John Egan, [redacted] chief executive, criticised the CAA proposals and warned that his company [redacted] be forced to review future investment pro[redacted] including a £1bn ($1.6[redacted]) [redacted]nal at Heathrow [redacted] the £300m express rail link between Heathrow and central London.

BAA's share price fell 10p in heavy trading to close at 424p in a rising market.

The airports group and its airline users have a month to submit written comments on the proposals before the regulatory agency fixes the new five-year pricing structure.

The CAA said it considered 7 per cent to be a reasonable annual rate of return for BAA's London airports rather than the industry average of 8 per cent on which the MMC based its recommended pricing formula.

The CAA and the MMC felt that the level of business risk of the three London airports was below average during the next five years. While acknowledging that earnings had been higher than expected since privatisation in 1987, Sir John said BAA had also invested more to meet the higher than anticipated air travel demand.

The CAA proposals are not expected to have a significant impact on air fares because airport landing and parking charges account for only about 5 per cent of overall airline costs. These charges also account for about 40 per cent of BAA's income from its three London airports.

BAA plc (MMC2) - a [redacted] on the economic regulation of the south-east airport companies. By post from the CAA, PO Box 41, Cheltenham, Glos or by personal callers at CAA Central Library, CAA House, 45-59 Kingsway, London WC2. £10 plus £1.75 postage.

Greece plans cement group sell-off

By Haig Simonian by [redacted]

THE GREEK government yesterday appointed advisers for the privatisation [redacted] Heracles, [redacted] country's leading cement pro[redacted] and one of its [redacted] industri[redacted] companies.

Heracles, which accounts for around 3 per cent of total cement production in [redacted] European Community, has a domestic market share of more than 40 per cent.

It [redacted] per cent-owned [redacted] IRO, [redacted] state-owned industrial holding company, [redacted] a further [redacted] held by various public-sector banks.

[redacted] remainder [redacted] listed on the [redacted] exchange and held by domestic and [redacted] investors.

A value for the deal has not yet been indicated because the government has [redacted] decide whether [redacted] sell a controlling stake to a single bidder, or offer shares to employees and private investors via the Athens bourse.

Heracles has a local stock market value of around Dr153bn ($765m) and is the third biggest [redacted] listed on the domestic equity market.

Heracles, which [redacted] on sales [redacted]4bn in [redacted] also [redacted] be Europe's biggest cement exporter, with about half its annual production capacity, almost 6.5m tonnes, sold abroad.

The company has two [redacted], [redacted] Volos in northern Greece, where [redacted] deep-water harbour [redacted] export sales, and a modern plant at Miliaki in the centre of the country.

According to Morgan Stanley International, [redacted] to advise on [redacted] privatisation [redacted] the National Investment [redacted] Industrial Development, a leading Greek investment bank, the flotation is expected to interest the world's big cement groups.

The Greek cement market has seen considerable concentration. Last year, Ciments Francais took control of Halyps, the fourth biggest Greek producer, while Calcestruzzi of Italy is proceeding with the possible purchase of Halkis, the third largest group. Titan, second biggest, is listed on the Athens bourse.

Morgan Stanley will supervise the transaction from its Milan office, which has responsibility for the Greek market. Bankers in the transaction hope it will be completed by the end of [redacted] or possibly early 1992.

They warned, however, [redacted] detailed accounting and valua[redacted] before [redacted] an information memorandum.

Sabena group's deficit for year reaches BFr7bn

By Our Financial Staff

SABENA, Belgium's troubled national airline, said yesterday it had posted a 1990 group loss of BFr7.15bn ($189m) and an operating loss of BFr2.16bn for the first four months of 1991.

The 1990 loss compared with a deficit of BFr2.4bn in 1989. The company was unable to give a comparative figure for the first four months of 1990.

Sabena said the 1990 loss, revised up from a previous figure of BFr6.56bn, was due to the poor performance of its main arm, Sabena World Airlines.

The figure included an exceptional provision for future losses of BFr1.8bn. The company said it would publish full results before the end of this month.

The Belgian airline is in the middle of negotiations to take on board British Airways as a major shareholder. According to Sabena, BA is expected [redacted] in return for [redacted] per [redacted] share [redacted].

American Airlines last week dropped [redacted] of the bidding for a minority [redacted] in Sabena, effectively leaving [redacted] way clear for BA. At the time, [redacted] talks with BA were close to fruition.

The Belgian government has agreed to recapitalise Sabena with $1bn in state aid, half of [redacted] would [redacted] the airline's borrowings. The European Co[redacted] has yet [redacted] approve the move.

Sabena said its four-month losses rose to BFr3.27bn after payment of a guaranteed dividend to the state.

The [redacted] its [redacted] plan was having [redacted] impact, and [redacted] had posted an operating profit of BFr169.4m for [redacted] month of April, the [redacted] positive figure for [redacted] months.

Grampian lifts Macarthy offer by 14%

GRAMPIAN Holdings, the Scottish mini-conglomerate, [redacted] offer for Macarthy, the pharmaceuticals concern, by 14 per cent, and included cash, writes Jane Fuller in London.

After minimal acceptances of the first offer, the amount was raised yesterday from £56.1m ($89.8m) to £63.9m, with each Macarthy share valued at 230p compared with its closing price of 229p, down 4p.

Nearly 8 per cent of the final offer – up to £5m – can be taken in cash. The remainder is a mixture of convertible preference shares and ordinary shares.

If accepted, Grampian's share capital would increase by just more than 40 per cent. The deal would bring in a group which is forecast to make more than £5m pre-tax profit this year, [redacted] Grampian itself [redacted] forecast [redacted] just [redacted] £14m.

Losses force Howden to pass dividend

CONTINUING [redacted] on an abortive Danish tunnelling project have forced Howden Group, the UK-based engineering [redacted], to make large pro[redacted] and [redacted] final dividend, writes Andrew Bolger in London.

Group pre-tax profits slumped from [redacted] to [redacted] in [redacted] to April 30, partly becau[redacted] of an exceptional charge of £10.4m relating to the four machines [redacted]ich Howden supplied to bore a tunnel under the Great Belt Straits in Denmark, which is [redacted] months behind schedule.

[redacted] per [redacted] to [redacted], but operating profit [redacted] by [redacted] Group borrowings increased [redacted] and interest charges [redacted] from £3.46m to £9.58m.

Mr Johnny Johnsen, chairman, said he was confident 1992 would [redacted] a significant improvement, allowing for a resumption in [redacted].

Scottish TV bids under £1m for franchise

By Raymond Snoddy in London

SCOTTISH Television, the ITV company for central Scotland, bid less than £1m for the renewal of its franchise in the competitive tenders for commercial broadcasting licences in May.

This low bid is a financial coup for Scottish which was unopposed in the tenders and therefore certain to retain its franchise. It will make Scottish one of the UK's most profitable broadcasters for its size.

Scottish spent nearly £4m on its campaign, the main plank of which was forming and paying for alliances with the leading independent producers in Scotland. Any outsider thus found it difficult to sign up the programming-making talent necessary for a credible bid.

Thirty key Scottish Television executives signed four-year contracts in 1989 in return for a bonus equal to one year's salary. The money will be paid when the new licences start at the beginning of 1993.

As a result, when the bids went in on May 15, Mr Gus Macdonald, Scottish managing director, was virtually certain there was no bid against him and was able to bid low.

Yesterday, neither Mr Macdonald nor the Scottish chairman, Mr Bill Brown, would comment on the bid size.

The figure of less than £1m a year compares with [redacted]mated bids of around £15m for similiar, medium-sized con[redacted] franchise areas such as Wales and the West and the East of England.

Last year, Scottish Television made a pre-tax profit of £11.23m on turnover of £114.08m and paid £6.8m in Exchequer levy – the tax ITV companies pay in addition to company taxation.

Under the new system, the levy is replaced by a two-tier payment: a form of rental based on a percentage of a company's net advertising revenue, and an annual cash bid adjusted for inflation over the 10-year life of the franchise.

Scottish has to pay 2 per cent in rental of its advertising revenue which last year totalled £89.5m.

GM drives deeper into European market

Kevin Done finds the US carmaker playing for high stakes with its new Astra range

GENERAL Motors of the US, the world's leading [redacted] takes the wraps off its new generation Astra in the first stage of one of the most crucial product [redacted]al programmes in the European motor industry.

[redacted] new Astra range, developed over nearly four years at [redacted] cost of around DM1.5bn [redacted] will replace GM Europe's existing Opel Kadett/Vauxhall Astra, which [redacted] Europe's second best selling car last year, after the Volkswagen Golf.

Next month, VW – Europe's leading car producer – will unveil its new generation Golf/Jetta, its most important single product line and Europe's best-selling car, in a direct head-to-head fight with GM.

The current Kadett/Astra – the new range will be named Astra throughout Europe – and the Volkswagen Golf/Jetta, have together accounted for [redacted] than 10 per [redacted] western Europe's [redacted] car market.

They [redacted] the key middle ground [redacted] Europe and dominate the small family car segment of the market, which accounts for around 29 per cent of all western European new car sales. It is a segment in the process of dramatic product renewal and intensifying competition.

Each new model generation represents a $1bn gamble by the carmakers. The [redacted] of the die by GM and VW come only months after the launch

The new Astra: spearheading GM's move into east Europe

by Ford last autumn of its new generation Escort/Orion, traditionally its most important car in Europe in terms of sales volume, and the introduction by the [redacted] this year of the Citroen ZX. Peugeot, France's leading carmaker, was competing [redacted] time in this crucial market segment [redacted] mainstream Citroen product.

[redacted] European operations are playing a crucial role in keeping the US carmaker afloat. While GM was running up increasing losses on its core North American automotive operations [redacted] year, [redacted]'s European operations [redacted]ed the [redacted] with [redacted] profits [redacted] more [redacted] $1.9bn.

[redacted] new generation Astra is spearheading GM's moves into eastern Europe. It will be the main [redacted] be produced [redacted] planned DM1bn integrated [redacted] plant [redacted] Eisenach in [redacted] Germany, [redacted] due to begin operations [redacted]. The Astra, too, will be assembled in small volumes from 1992 [redacted] GM's operations [redacted] Szentgotthard [redacted] Hungary, currently being developed chiefly as a 200,000-units-a-year engine plant.

When the new eastern German and Hungarian plants are completed, the potential total output of the Opel/Vauxhall Astra will be an average of 800,000 units a year. The maximum annual sales achieved by the current generation Opel Kadett/Vauxhall Astra [redacted] 629,000 in [redacted], so GM [redacted] planning significant incremental [redacted].

Unlike with the current range, it is also planning to sell the new generation Astra in Japan, thereby extending the rivalry with the VW Golf into Asia's most important [redacted]ket. It will be assembled from kits in Taiwan, and [redacted] is considering other [redacted] kit assembly [redacted] for [redacted] in Asian [redacted] such as Indonesia and Malaysia.

According to Mr Tom Mason, GM Europe's sales and marketing director, the company is aiming for sales of 730,000 to 740,000 in 1992 in western Europe (including all of Germany but excluding other eastern European markets). Around 167,000 Astras will be produced by the end of this year.

The Eisenach plant will have the capacity to produce 150,000 cars a year, and will include body welding, paintshop and final assembly operations. With the project, GM is aiming to catch up with Japanese levels of plant productivity and efficiency. It is seeking to put into practice for the first time on a greenfield site in Europe the lessons it [redacted] learned from its key joint ventures in North America with Japanese partners, Toyota (NUMMI) and Suzuki (CAMI).

Overall, GM Europe is in the process of expanding its car production capacity by 25 [redacted] cent, from 1.6m in 1990 to 2m in 1995. GM has echoed warnings by [redacted] carmakers of growing over[redacted]city in the European car industry during the 1990s. It maintains that it [redacted] capacity itself, however, to meet available demand, and the Astra project is an important part of its expansion plans.

There is much at stake. According to GM [redacted] the VW Go[redacted] achieved a sales volume [redacted] 849,000 last year – in a market of around 13.2m. GM's Kadett/Astra was the closest rival at 625,000, followed in the small family car segment by the Ford Escort/Orion in its launch year at 507,000, and the Renault 9/11/19 at 416,000.

The new generation Astra was developed in about 42 months, 10 to 12 months longer than the best of the competition, says Robert Eaton, president of GM. "We take less time than some of our European competitors, but for some time now the Japanese have been below 36 months. They are striving for 24 months and are currently in the 30-mo[redacted] area."

The [redacted] range is being launched initially in hatchback and estate car versions, with a saloon version to follow early next year. At the top of the range, it is introducing an Astra GSi version. The car will include electronic tra[redacted]trol. It wi[redacted] be [redacted] such an executive car feature has been offered on a small family car.

Akzo seeks buyer for Spanish unit

By Ronald van de Krol in Amsterdam

AKZO, [redacted] Dutch [redacted] and fibres group, [redacted] seeking to sell its 57.5 [redacted] in La [redacted] Barcelona, a Spanish synthetic [redacted] producer whose 1990 losses contributed to the Dutch [redacted]ny's own decline in earnings last year.

Akzo said it [redacted] proposed transferring its shares in La Seda to [redacted] of Spanish creditor banks for a small "symbolic" sum.

As part of the deal, Akzo is prepared to remain responsible for the repayment of loans which it had previously guaranteed for La Seda. It will also stand behind the 57.5 per cent of the Spanish company's loans it had not guaranteed.

Akzo, [redacted] declined to give details [redacted] debts, expects a response from the Spanish [redacted] later this week.

With the backing of Akzo's financial guarantees, La Seda would [redacted] slimmed down and then [redacted] operations as [redacted] independent Spanish company, Akzo said. La Seda posted a [redacted] loss equivalent to Fl 54m ($26.6m) in 1990, on turnover of around Fl 460m.

Akzo's profits continued to decline in the first quarter of this year, falling almost 5 per cent to Fl 192.2m after tax.

Apart from Akzo's majority stake, La Seda's shares, which are quoted on the Madrid Stock Exchange, are spread over a large number of other investors.

[redacted] year, La Seda had already begun narrowing [redacted] product range and cutting jobs, [redacted] were not [redacted] enough [redacted] persuade Akzo [redacted] shareholding.

The 1990 losses at La Seda were one of a series of external factors which contributed to a 30 per cent decline in Akzo's results last year and to a cut in its annual dividend.

Dutch group net up 14%

OCE-van der Grinten, the Dutch photocopier and office equipment group, reported a 14 per cent rise in second-quarter net profit, marking an improvement [redacted] the first quarter when [redacted] earnings increased by 5 per cent, writes Ronald van de Krol.

[redacted] profit in the second quarter rose to Fl 28.4m ($14m) [redacted] Fl 24.9m [redacted] the [redacted] period of 1990. The acceleration in profit growth pushed first-half net profit to Fl 47.4m, a rise of 10 per cent over the first six months of 1990. Sales rose by [redacted] per cent to Fl 637m in the [redacted] quarter, and by 6 per cent to Fl 1.22bn in the first half.

In its first forecast of full-[redacted] results, Océ-van der Grinten [redacted] both profit and turnover were expected to be higher than in 1990.

After [redacted] release of the second-half figures and the 1991 forecast, Océ-van der Grinten's shares rose sharply on [redacted] Amsterdam Stock Exchange, to close up Fl 3.5 at [redacted].

It attributed the profit rise to new products launched during 1990 and to cost-cutting efforts. The company, which has been gradually shifting its equip[redacted] contracts from rental arrangements to financial leases, noted that financial leasing was becoming [redacted] increasingly important activity.

INTERNATIONAL COMPANIES AND FINANCE

TRW accused of credit reporting violations in US

By Patrick Harverson in New York

TRW, one of the largest credit reporting agencies in the US and part of [redacted] diversified defence and aerospace group, was accused yesterday of violating credit reporting laws by a number of US states, including New York, Texas, California, Alabama, Idaho and Washington.

New York has filed a separate suit, with the others co-operating in a multi-state suit alleging that the Cleveland-based agency misled consum[redacted] disregarded consumer privacy and [redacted] to maintain reasonable procedures to [redacted] the [redacted] of its reports. The suit seeks to force the agency to pay penalties, restitution and damages to consumers.

Mr Robert Abrams, the New York [redacted] attorney general, said yesterday that TRW had misrepresented itself as a library of credit histories [redacted] stored information on consumers which it had received from its subscribers, who included banks and retailers. In reality, Mr Abrams alleged, TRW had been secretly rating and evaluating consumers for credit-worthiness, and in the [redacted] selling to subscribers the conclusions of those ratings and evaluations.

Among other violations of [redacted] laws listed by the New York attorney general, TRW was said to have offered to sell to direct marketers lists of consumers' names and addresses from its confidential data base, without the knowledge or con[redacted] those consumers. TRW has also been accused of failing to delete from disputed items in credit reports.

The New York attorney general's office also confirmed that [redacted] was investigating other credit reporting agencies in the US, but would [redacted] reveal [redacted] companies [redacted] under scrutiny.

Hilton Hotels falls to $23m in quarter

By Nikki Tait in New York

HILTON Hotels, the California-based hotels and gaming group, yesterday blamed the [redacted] for a sharp 36 per cent slump in after-tax profits in the three months to end-June. The company [redacted] compared with $38.2m in the corresponding period a year earlier.

Hilton is the second large [redacted] group [redacted] report [redacted] second-quarter figures. Marriott led off the sector's [redacted] a similarly gloomy profits slump.

Hilton shares eased by ⅛ to $42⅛ on the announcement.

The company said that hotel occupancy fell to 68 per cent during the quarter, against 73 per cent in the 1990 period.

"The recession has forced both businesses and individuals to curtail their travel activities, and Hilton's results reflect [redacted] impact [redacted] reductions," noted Mr Barron Hilton, chairman.

He suggested that New York and Chicago had been particularly weak markets, and said that there was also "continued weakness" in the Hawaii resort [redacted]

Nor was there much optimism about the months immediately ahead: "The second half [redacted] 1991 will be a difficult period for Hilton and the lodging industry," predicted Mr Hilton.

The results from the company's Las Vegas properties were [redacted] down [redacted] higher losses on its gambling activities and increased bad debt reserves.

For the first six months of the year, total operating income [redacted] 26 per cent lower at $85.4m, with the hotels side down 39 per cent and gaming down 6 per cent.

Fast growth without fertiliser

Barbara Durr on a commodities company's move into technology

A DECADE ago, Mr George Kennedy, then chief executive of the International Minerals & Chemical Corporation – the world's leading fertiliser [redacted]pany – was a frustrated man.

Intervention in agriculture by the US government had made the company's markets and results erratic despite management's best efforts. So Mr Kennedy decided to dump the fertiliser business and do something else.

[redacted]oday, the company – renamed Imcera – is a leading producer of health care products, with $1.42bn of sales in 1990. "In essence, we said we were going to stop being a commodities company and become a technology company," said Mr Kennedy.

Imcera now has three lines of [redacted] Mallinckrodt Medical for medical products that are mainly used for diagnosis; Mallinckrodt Specialty Chemicals, the world's largest maker of acetaminophen, the active ingredient in Tylenol pain reliever; and Pitman-Moore, an animal health division which [redacted] last year with [redacted] acquisition of the UK's Coopers Animal Health Group.

As of July 1, five years after starting out on [redacted] new path, Imcera completed its extrication from the fertiliser business. It has sold its remaining holdings in its IMC Fertilizer, which had been spun off from the company.

The $1.5bn generated by its exit from fertiliser and another $500m have been [redacted] to build the new company. Analysts who [redacted] sceptics [redacted] the company's metamorphosis are now enthusiasts. Mr Harvey Stober, of Dean Witter, said of [redacted] "Buy [redacted] and tuck it away."

The market has [redacted] such

Bullish on pigs: One of Imcera's most promising products is PST, a growth hormone that promotes lean swine

advice, sending share prices to over [redacted] more than double their $40 level in 1985. Mr Stober and other analysts concur with the company's projections of earnings growth of 20 to 25 per cent over the next several years. "They have a clear and good plan and they've executed it wonderfully. They've [redacted] everything they said they were going to do," he said.

In his [redacted] report [redacted] company, [redacted] John Roberts, [redacted] Merrill Lynch, [redacted] "Management's ability [redacted] new [redacted] for [redacted] is awe-inspiring." Not only are some of the company's new products [redacted] to better-than-expected starts, but "the development pipeline appears rich with high potential products", he said.

Mr Roberts estimated that earnings per share would grow [redacted] next [redacted] from [redacted] 1990.

In a push [redacted] increase its foreign sales, Imcera last month introduced in Germany its top medical product, Optiray, [redacted] X-ray contrast medium. Expansion into the UK, Belgium, Italy and the Netherlands is planned for [redacted] year. Under [redacted] 10-year agreement with Yamanouchi Pharmaceutical, the product will be distributed in Japan.

Optiray causes far fewer side-effects than traditional products and has made a quick dent in the $600m US market for X-ray contrast media.

Optiray appears [redacted] only [redacted] first taste of Mallinckrodt Medical's ingenuity. So[redacted] 30 new products for nuclear medicine, radio-pharmaceuticals and medical imaging are in various stages of testing and government approval. Moreover, Imcera has stepped in to snap up the marketing [redacted] for promising products such [redacted] Albunex, the first ultra-sound [redacted] imaging agent, [redacted] developed by Molecular Biosystems of San Diego.

In Imcera's specialty chemicals line, it has doubled its acetaminophen, or APAP, production capacity in the US and is busy tripling capacity [redacted] plant in Derbyshire, England, acquired from RTZ Chemicals in [redacted] The worl[redacted] market for the pain reliever is expected to grow by 4 to [redacted] per cent [redacted]ally.

In animal health, the [redacted] acquisition of Coopers doubled Pitman Moore's sales to $580.4m. Its sales growth is projected at 10 to 12 per cent, compared with a 2 to 4 per cent rate for the animal health market as a whole, which includes vaccines, [redacted]rials and feed additives.

One of the division's most promising products is Grolene, [redacted] growth [redacted] for pigs which also promotes leanness. It is [redacted] FDA approval. With growing American dietary caution about eating fats, Imcera believes that the product will delight pork producers. [redacted] without PST, Pitman-Moore's sales are expected to rise to about $900m by 1995.

The only shadow on Imcera's current bright picture is that some [redacted] shares may [redacted] overvalued. According to Mr James Fenger [redacted] Kemper Financial Services, the company is being valued as if it were at the high end of the pharmaceuticals business, when [redacted] is not.

He feels the [redacted] in the specialty chemicals and animal health [redacted] could restrict the company's growth and that Optiray will face formidable European competition. He further cautions that PST could become [redacted] in the [redacted]troversy [redacted] has plagued BST, the PST-like hormone that makes cows produce more milk.

However, [redacted] with reservations about [redacted] plain sailing ahead for Imcera give high marks to Mr Kennedy's management. He takes the praise in stride, saying: "We've been performing, and that makes a lot of difference."

Safeway's earnings up 50%

SAFEWAY, the US [redacted] retailer which [redacted] private in 1986 via [redacted] $4.2bn leveraged buy-out masterminded by Kolhberg, Kravis Roberts, yesterday reported second-quarter profits of $35.6m after tax, compared with $23.6m in the same period a year earlier, writes Nikki Tait.

At the operating profit level, the increase was more modest – at $139.7m, up from $132.3m – with [redacted] rising [redacted] from $3.44bn.

However, interest expenses were slightly lower, at [redacted] against $86.4m, and "other income" virtually doubled to $13.6m, due to interest on the proceeds of April's stock offering and higher earnings from Safeway's stake in Vons, [redacted] California food chain.

Safeway operates about 1,100 stores in the US and Canada.

On-line prices buoy Dow Jones

HIGHER profits from Dow [redacted] price information system and lower interest costs helped to offset the downturn in advertising revenues [redacted] the US financial information group which owns the Wall [redacted] Journal, writes Nikki Tait.

As a result, the company yesterday reported static profits for the three months to end-June.

Dow Jones said that it saw after-tax income of $34.7m in [redacted] second quarter, on sales [redacted] $442.9m. The [redacted] compared with after-tax income of $34.9m on sales of $441.6m in the same period a year earlier. Operating profits in the second quarter improved marginally to $71.2m.

For the first six months of the year, net profits stood at $52.7m, compared with $59.7m last time.

Dow Jones shares were up $⅝ at $28⅛ by lunchtime.

Gold Mining Companies' Quarterly Reports for the quarter ended 30 June 1991

All companies are incorporated in the Republic of South Africa

Driefontein Consolidated

[redacted] Consolidated Limited
(Registration No. 68/04880/06)

ISSUED CAPITAL: 204 000 000 shares of 50 cents each, fully paid.

	Quarter ended 30 June 1991	*Quarter ended 31 March 1991*	*Year ended 30 June 1991*
OPERATING RESULTS			
Gold – East Driefontein			
Ore milled (t)	705 000	720 000	2 840 000
[redacted] produced (kg)	5 510,0	5 696,8	22 735,6
Yield (g/t)	7,8	7,9	8,0
Price received (R/kg)	32 401	30 789	31 482
Revenue (R/t [redacted])	253,46	243,84	252,30
Cost (R/t milled)	159,38	150,09	155,31
Profit (R/t milled)	94,08	93,75	96,99
Revenue [redacted]	178 692	175 567	716 522
[redacted]	112 365	108 065	441 084
[redacted]	66 327	67 502	275 438
Gold – West Driefontein			
Ore milled (t)	720 000	705 000	2 835 000
Gold produced (kg)	8 544,2	8 036,9	31 752,5
Yield (g/t)	11,9	11,4	11,2
Price received (R/kg)	32 175	30 940	31 547
Revenue (R/t milled)	382,21	352,71	353,77
Cost (R/t milled)	170,47	170,37	171,52
Profit (R/t milled)	211,74	182,34	182,25
Revenue (R000)	275 192	248 662	1 002 934
Cost (R000)	122 739	120 115	486 267
Profit (R000)	152 453	128 547	516 667
Reclamation plant — West Driefontein			
Treated (t)	600 000	600 000	2 400 000
Gold produced (kg)	394,9	427,4	1 678,6
Yield (g/t)	0,7	0,7	0,7
Revenue (R000)	12 660	13 142	52 870
Cost (R000)	4 390	4 532	16 632
Profit (R000)	8 270	8 610	36 238
FINANCIAL RESULTS (R000)			
Working profit: Gold and reclamation plant	227 050	204 659	828 343
Tribute royalties	1 216	—	3 891
Net mining revenue	228 266	204 659	832 234
Net sundry revenue (group)	17 389	12 709	73 028
Recovery under loss of profits insurance	—	—	1 196
Profit before tax and State's share of profit	245 655	217 368	906 458
Tax and State's share of profit	112 023	93 556	409 775
Profit after tax and State's share of profit	133 632	123 812	[redacted] 683
Capital expenditure	49 191	35 063	173 664
Dividend	193 800	—	316 200

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 30 June 1991 was R806,2 million.

DIVIDEND. A dividend No. 56 of 95 cents per share was declared on 11 June 1991, to be paid to members on or about 7 August 1991.

EAST DRIEFONTEIN

No. [redacted] Sub-Vertical Shaft-E. The equipping of this shaft is approaching completion.

No. 7 Ventilation Shaft-E. With the completion of the initial pre-sink phase the headgear is being erected and the stage installed. Work is in progress on the casting of foundations for the temporary kibble winder.

No. 8 Tertiary Shaft-E. The shaft was sunk 40 metres to a depth of [redacted] metres below the bank on 34 Level. The excavation of 36 Level Station was completed and support work is currently in progress. Work continues on the installation of the rock winder and on Belt Level civils.

WEST DRIEFONTEIN

No. [redacted] Shaft-W. Site preparation continues.

No. [redacted] Sub-Vertical Shaft-W. The excavation on 21 Level of the headgear dome and the South Man and Rock Winder Chambers continues. The excavation of the North Man Winder Chamber was completed and civil work commenced.

On 22 Level the kibble winder was installed and work continues on the installation of the platform winder. 22 Level Station is being supported and [redacted]

ORE RESERVES AT 30 JUNE 1991. The detailed ore reserves will be published in the annual report. At the prevailing pay limits the reserves are as follows:

East Driefontein (Pay limit 7,9 g/t)

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Ventersdorp Contact Reef	2 658 000	172	21,7	3 732
Carbon Leader	815 000	166	12,9	2 141
Main Reef	104 000	150	9,6	1 440
Total and averages	3 577 000	170	19,3	3 281

West Driefontein (Pay limit 7,3 g/t)

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm g/t
Carbon Leader	1 035 000	116	24,9	2 886
Ventersdorp Contact Reef	3 638 000	180	12,7	2 286
Main Reef	630 000	138	10,3	1 421
Erosion Channel	579 000	123	15,9	1 956
Total and averages	5 882 000	153	14,9	2 280

On behalf of the board

C. T. Fenton
A. H. Munro
Directors

9 July 1991

Kloof

Kloof [redacted] Mining Company Limited
([redacted] No. 64/04462/06)

ISSUED CAPITAL: 121 100 000 shares of 25 cents each, fully paid.

	Quarter ended 30 June 1991	*Quarter ended 31 March 1991*	*[redacted] ended 30 June 1991*
[redacted]			
[redacted] – [redacted]			
Ore milled (t)	510 000	540 000	2 130 000
[redacted] produced (kg)	7 088,4	6 937,1	27 475,0
Yield (g/t)	13,9	12,8	12,9
Price received (R/kg)	32 229	31 031	31 551
[redacted] (R/t milled)	448,55	399,21	407,85
Cost (R/t milled)	242,16	220,14	224,98
Profit (R/t milled)	206,39	179,07	182,87
Revenue (R000)	228 761	215 576	868 724
Cost (R000)	123 502	118 880	479 218
Profit (R000)	105 259	96 696	389 506
Gold – Leeudoorn			
Ore milled (t)	150 000	95 000	245 000
Gold produced (kg)	1 068,4	401,0	1 469,4
Yield (g/t)	7,1	4,2	6,0
Price received (R/kg)	32 153	30 158	31 609
[redacted] (R/t milled)	229,35	127,34	189,79
Cost (R/t milled)	281,46	234,59	263,29
Loss (R/t milled)	52,11	107,26	73,50
[redacted] (R000)	34 403	12 096	46 499
[redacted] (R000)	42 220	22 286	64 506
Loss (R000)	7 817	10 190	18 007
FINANCIAL RESULTS (R000)			
Working profit: Gold	97 442	86 506	371 499
Net sundry revenue	511	515	2 660
Finance costs	(7 512)	(4 980)	(12 492)
Profit before tax	90 441	82 041	361 667
Tax	196	95	813
Profit after tax	90 245	81 946	360 854
Capital expenditure	50 765	72 703	377 795
Dividend	60 550	—	[redacted] 990

CAPITAL EXPENDITURE

(a) The unexpended balance of authorised capital expenditure at 30 June 1991 was R719,6 million.

(b) Included in the total of capital expenditure for the quarter ended 30 [redacted] is an amount of R31,0 million in respect of Leeudoorn.

[redacted]. A dividend No. [redacted] of 50 cents per share was declared on 11 June 1991, to be paid to members on or about 7 August 1991.

KLOOF

No. [redacted] Sub-Vertical Shaft-K. The shaft was sunk 99 metres to a depth of 1 235 metres below the collar on 23 Level and the excavation of 41 Level Station [redacted] started.

No. 4 Sub-Vertical Ventilation Hole-K. Reaming of the ventilation hole to a diameter of 4,4 metres reached a height of 1 070 metres. A plug of 20 metres remains which will be blasted out from 23 Level above.

Production. Repairs to the No. 1 Sub-Vertical Shaft-K and replacement of services have been completed. However, the underground production rate could not be maintained through the quarter. As a result, the tonnage milled was 30 000 tons less than anticipated for this period.

LEEUDOORN

No. 1 Sub-Vertical Shaft-L. The shaft was sunk 134 metres to a depth of 830 metres below the collar on 23 Level. The excavation of 35 Level Station was started.

Production. The milling rate continued to be affected by the unavailability [redacted] No. 1 Sub-Vertical Shaft-K through which all the underground production was being hoisted.

ORE RESERVES AT 30 JUNE 1991. The detailed ore reserves will be published in the annual report. At the prevailing pay limits the reserves are as follows:

Kloof (Pay limit [redacted] g/t)

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Ventersdorp Contact Reef	3 362 000	155	26,7	4 138
Kloof Reef	238 000	187	12,6	2 356
Total and averages	3 600 000	157	25,7	4 035

Leeudoorn (Pay limit 8,0 g/t)

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Ventersdorp Contact Reef	535 000	140	16,0	2 240

On behalf of the board

A. H. Munro
M. J. Tagg
Directors

9 July 1991

Vlakfontein

Vlakfontein [redacted] Mining Company Limited
(Registration [redacted] 05/06155/06)

ISSUED CAPITAL: 6 800 000 shares of 20 cents each, fully paid.

	Quarter ended 30 June 1991	*Quarter ended 31 March 1991*	*Year ended 30 June 1991*
OPERATING RESULTS			
Gold – Surface sources			
Ore milled: from surface dumps (t)	—	—	35 500
from outside sources (t)	—	—	—
Total milled (t)	—	—	35 500
Gold produced (kg)	0,5	—	105,5
Yield (g/t)	—	—	3,0
Price received (R/kg)	30 608	—	31 582
[redacted] (R/t [redacted])	—	—	94,06
Cost (R/t [redacted])	—	—	152,93
Loss (R/t milled)	—	—	58,87
Revenue (R000)	15	—	3 339
Cost (R000)	(891)	1 355	5 429
Profit/(loss) (R000)	906	(1 355)	(2 090)
FINANCIAL RESULTS (R000)			
Working profit/(loss): Gold	906	(1 355)	(2 090)
Net sundry revenue	(178)	(9)	[redacted]
Profit/(loss) before tax	728	(1 364)	(1 665)
Tax	—	—	—
Profit/(loss) after tax	728	(1 364)	(1 [redacted]
Capital expenditure	(382)	(526)	(1 134)

DIVIDEND. No final dividend was declared.

RESTORATION. Demolition work has been completed. Cleaning up operations at No. 1 Shaft are still in progress prior to sealing the shaft.

SALE [redacted] ASSETS. Discussions with parties for the sale of the company's freehold continue. Sale of other assets in the form of stores and equipment continued and the results are reflected as a credit to capital expenditure.

On behalf of the board

M. J. Tagg
A. H. Munro
Directors

9 July 1991

Doornfontein

Doornfontein [redacted] Company Limited
(Registration No. 05/24709/06)

ISSUED CAPITAL: 40 000 000 shares of 25 cents each, fully paid.

	Quarter ended 30 June 1991	*Quarter ended 31 March 1991*	*Year ended 30 June 1991*
OPERATING RESULTS			
Gold			
Ore milled: from underground (t)	361 000	281 068	1 376 000
from surface sources (t)	23 000	46 000	69 000
Total milled (t)	384 000	327 068	1 445 000
Gold produced (kg)	2 019,2	1 667,3	7 491,5
Yield (g/t)	5,2	5,1	5,2
Price received (R/kg)	31 836	30 630	31 445
Revenue (R/t milled)	167,53	156,27	163,19
Cost (R/t milled)	144,73	179,74	174,06
Profit/(loss) (R/t milled)	22,80	(23,47)	(10,87)
Revenue (R000)	64 333	51 112	[redacted] 817
Cost (R000)	55 578	58 788	251 519
Profit/(loss) (R000)	8 755	(7 676)	(15 702)
FINANCIAL RESULTS (R000)			
Working profit/(loss): Gold	8 755	(7 676)	(15 702)
Net sundry revenue	799	335	2 388
Recovery under loss of profits insurance	—	[redacted]	[redacted]
Profit before tax	9 554	5 248	4 775
Tax	4 383	—	[redacted]
Profit after tax	5 171	[redacted]	392
Capital expenditure	5 403	512	12 682

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 30 June 1991 was R65,5 million.

[redacted]. No final [redacted] was declared.

PRODUCTION. Underground operations accounted for an average of 120 000 tons milled per month. This tonnage was supplemented by material reclaimed from the waste dump and screened prior to milling and treatment.

RATIONALISATION OF OPERATIONS. Further progress has been made in the rationalisation of the operations at the mine and of the manpower requirements. The majority of the affected employees have either accepted alternative employment or have taken early retirement.

ORE RESERVES AT 30 JUNE 1991. The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 10,5 grams per ton the reserves are as follows:

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Carbon Leader	937 000	118	14,7	1 735
Main Reef	226 000	114	14,1	1 607
Total and averages	1 163 000	117	14,6	1 708

On behalf of the board

M. J. Tagg
A. H. Munro
Directors

9 July 1991

Deelkraal

Deelkraal [redacted] Mining Company Limited
(Registration No. 74/00160/06)

ISSUED CAPITAL: 99 540 000 shares of 20 cents each, fully paid.

	Quarter ended 30 June 1991	*Quarter ended 31 March 1991*	*Year ended 30 June 1991*
OPERATING RESULTS			
[redacted]			
Ore milled (t)	405 000	405 000	1 610 400
Gold produced (kg)	2 277,2	2 308,5	9 142,6
Yield (g/t)	5,6	5,7	5,7
Price received (R/kg)	31 859	31 019	31 581
Revenue (R/t milled)	179,35	177,04	179,52
Cost (R/t milled)	149,71	148,97	147,51
Profit (R/t milled)	29,64	28,07	32,01
Revenue (R000)	72 638	71 704	289 103
Cost (R000)	60 633	60 334	237 547
Profit (R000)	12 005	11 370	51 556
FINANCIAL RESULTS (R000)			
Working profit: Gold	12 005	11 370	51 556
Net sundry revenue	2 520	2 861	12 248
Recovery under loss of profits insurance	—	900	900
Profit before tax	14 525	15 131	64 704
Tax	1 146	1 562	5 878
Profit after tax	13 379	13 569	58 826
Capital expenditure	10 070	16 061	65 719
Dividend	9 954	—	[redacted] 908

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 30 June 1991 was R222,0 million.

[redacted]. A dividend No. [redacted] of 10 cents per share was declared on 11 June 1991, to be paid to members on [redacted] about 7 August 1991.

No. [redacted] SHAFT. Sinking has not recommenced.

No. [redacted] SUB-VERTICAL SHAFT. Support of the winder chambers continued. All other work associated with the No. [redacted] Sub-Vertical Shaft complex has been temporarily stopped.

ORE RESERVES AT 30 JUNE 1991. The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 6,3 grams per ton the reserves are as follows:

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Ventersdorp Contact Reef	1 068 000	154	11,6	1 786
Deelkraal Reef	100 000	199	7,1	1 413
Total and averages	1 168 000	157	11,2	1 758

On behalf of the board

A. H. Munro
M. J. Tagg
Directors

9 July 1991

Venterspost

Venterspost [redacted] Mining Company Limited
(Registration No. 05/05632/06)

ISSUED CAPITAL: 20 200 000 ordinary shares of 25 cents each, fully paid.
29 800 000 deferred shares of 25 cents each, fully paid.

	Quarter ended 30 June 1991	*Quarter ended 31 March 1991*	*Year ended 30 June 1991*
OPERATING RESULTS			
Gold			
Ore milled (t)	290 000	330 000	1 400 000
Gold produced (kg)	1 255,1	1 199,2	5 218,7
Yield (g/t)	4,3	3,6	3,7
Price received (R/kg)	31 906	31 375	31 480
Revenue (R/t milled)	138,19	114,17	117,50
Cost (R/t milled)	142,65	132,77	134,43
Loss (R/t milled)	4,46	[redacted]	16,93
Revenue (R000)	40 075	37 [redacted]	164 500
Cost (R000)	41 368	43 814	188 199
Loss (R000)	1 293	6 139	23 699
FINANCIAL RESULTS (R000)			
Working loss: Gold	1 293	6 139	23 699
Net sundry revenue	3 571	3 431	17 489
Recovery under loss of profits insurance	—	—	155
Profit/(loss) before tax	2 278	(2 708)	(6 055)
Tax	—	—	—
Profit/(loss) after tax	2 278	(2 708)	(6 055)
Capital expenditure			
Existing mine	411	[redacted]	1 936
No. 4 Shaft Project	13 899	15 365	52 661

CAPITAL EXPENDITURE. The unexpended [redacted] of authorised capital expenditure at 30 June 1991 was R126,0 million.

DIVIDEND. No final dividend was declared.

No. 4 SHAFT COMPLEX. The shaft was sunk 147 metres to the Phase I final depth of 1 209 metres below collar. The cutting of [redacted] Level Station [redacted] in progress. The reef and waste passes from 7 to [redacted] Level have been completed, while the raise boring of the passes from [redacted] to 7 Level is in progress. The development on 9 and 10 Levels is continuing. The first raise from 10 to [redacted] Level has holed.

RATIONALISATION OF OPERATIONS. Progress has been made towards rationalising operations at the mine. Mill throughput has been reduced and the yield has increased as a result of decreasing the mining of low grade ore. The majority of the affected employees have either accepted alternative employment or have taken early retirement.

ORE RESERVES AT 30 JUNE 1991. The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 7,3 grams per ton the reserves are as [redacted]

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Main Reef	866 000	142	8,7	1 235
Ventersdorp Contact Reef	249 000	180	8,5	1 530
Total and averages	1 115 000	149	8,7	1 296

On behalf of the board

M. J. Tagg
A. H. Munro
Directors

9 July 1991

Libanon

Libanon Gold Mining Company Limited
[redacted]

ISSUED CAPITAL: 40 000 000 shares of 20 cents each, fully paid.

	Quarter ended 30 June 1991	*Quarter ended 31 March 1991*	*Year ended 30 June 1991*
OPERATING RESULTS			
Gold			
Ore milled (t)	435 000	435 000	1 740 000
Gold produced (kg)	1 969,5	2 030,5	8 109,7
Yield (g/t)	4,5	4,7	4,7
Price received (R/kg)	32 106	30 958	31 539
Revenue (R/t milled)	145,56	144,66	147,18
Cost (R/t milled)	146,51	147,35	143,76
Profit/(loss) (R/t milled)	(0,95)	(2,69)	3,42
Revenue (R000)	63 319	[redacted]	256 105
Cost (R000)	63 733	[redacted]	250 149
Profit/(loss) (R000)	(414)	(1 169)	[redacted]
FINANCIAL RESULTS (R000)			
Working profit/(loss): Gold	(414)	(1 169)	[redacted]
Net sundry revenue	1 156	1 028	[redacted]
Recovery under loss of profits insurance	—	—	630
Profit/(loss) before tax	742	(141)	[redacted]
Tax	462	526	2 234
Profit/(loss) after tax	280	(667)	[redacted]
Capital expenditure	3 662	[redacted]	[redacted]

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 30 June 1991 was R52,2 million.

[redacted]. No final dividend was declared.

ORE RESERVES AT 30 JUNE 1991. The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 5,9 grams per ton the reserves are as [redacted]

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Main Reef	698 000	139	6,7	931
Ventersdorp Contact Reef	153 000	145	15,4	2 233
Kloof Reef	47 000	221	6,9	1 525
Libanon Reef	7 000	190	6,5	1 235
Total and averages	905 000	143	8,2	1 173

On behalf of the board

M. J. Tagg
A. H. Munro
Directors

9 July 1991

Note:
Copies may be obtained from the United Kingdom Registrar:
Barclays Registrars Limited,
Bourne House, 34 Beckenham Road,
Beckenham, Kent BR3 4TU.

GOLD FIELDS

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Bourne House, 34 Beckenham Road,
Beckenham, Kent BR3 4TU.

Tate & Lyle wins 92% of Bundaberg acceptances

By Mark Westfield in Sydney

TATE [redacted] LYLE, the UK [redacted] group, [redacted] gained acceptances for 92 per [redacted] of Bundaberg Sugar, the Queensland sugar miller, [redacted] in a position [redacted] compulsorily acquire the remaining [redacted].

Australian [redacted] allows a bidder [redacted] go to court to force 100 per [redacted] acceptance after winning [redacted] per cent of [redacted] target company's share capital from [redacted] than [redacted] cent of shareholders.

Tate [redacted] Lyle extended [redacted] A$4.10-a-share [redacted] yesterday [redacted] another fortnight, to July [redacted] win maximum acceptances [redacted] starting the [redacted] lengthy process [redacted] compulsory acquisition.

Mr James Kerr Muir, a Tate [redacted] Lyle director, wrote to shareholders yesterday [redacted] that they [redacted] within [redacted] days of acceptance, [redacted] would have to [redacted] longer if they [redacted] to [redacted] their [redacted] acquired compulsorily.

Bundaberg directors recommended that shareholders accept early last week after Tate [redacted] Lyle moved above 50 [redacted] target on June 28.

The hostile bid values Bundaberg [redacted] A$325m [redacted] was [redacted] to expire yesterday.

Tate [redacted] Lyle launched [redacted] takeover on March 19 [redacted] per share, but [redacted] to A$4.10 [redacted] later.

Tate [redacted] Lyle's original bid was conditional on 90 per cent acceptance, but the [redacted] group declared [redacted] unconditional once it passed the 50 per [redacted] control threshold.

[redacted] processes about 20 per cent of Australia's sugar crop [redacted] has a [redacted] with [redacted] in the production [redacted] Bundaberg rum.

COMPANY NEWS IN BRIEF

ARAB-Malaysian, Malaysia's largest merchant bank, has bought a 49 per cent stake in Fraser International, the Singapore parent [redacted] Fraser [redacted] the stockbroker, [redacted] Lim Siong Hoon in Kuala Lumpur.

Arab-Malaysian said approvals for the acquisition were given by Bank Negara, Malaysia's central bank, the Stock Exchange [redacted] Singapore and the *Monetary Authority of Singapore*.

The vendors of the Frasers' [redacted] were [redacted] Pacific, Roach McIntosh and Kuwait Asia Bank, said Arab-Malaysian. However, [redacted] purchase will have no immediate effect on Arab-Malaysian group earnings, [redacted] merchant bank added.

The S$13m (US$7.4m) acquisition marks [redacted] Malaysian company, after Rashid Hussein, the brokerage concern, to move into the Singapore [redacted] Exchange since [redacted] two countries ended cross-listings in January 1990.

Despite the delisting, Malaysian companies remained popular with Singaporeans, who [redacted] the [redacted] but limited investment opportunities in domestic property and stocks.

The Singapore deal also represents Arab-Malaysian's first offshore acquisition, the banking group said yesterday.

Fraser Roach, established in 1873 as [redacted] & Co, is Singapore's oldest stockbrokerage with a share capital of S$20m.

■ MALAYSIA'S R.J. Reynolds, *a subsidiary* [redacted] *RJR Nabisco*, the consumer products group, has reached agreement in principle with Godfrey Phillips, the Mala[redacted]an unit of Philip Mor[redacted] [redacted] US food company, to produce Marlboro brand cigarettes [redacted] sale in Malaysia from January 1, 1992, Reuter reports from Kuala Lumpur.

The manufacturing licence is currently held by Rothmans of Pall Mall, a subsidiary of Roth[redacted] International, which [redacted] a separate statement confirming the termination of its [redacted] from [redacted] year.

■ SINGAPORE'S Multi-Corporation has signed an [redacted]ment with four companies [redacted] a S$38m plant in Indon[redacted] produce [redacted] in concealing compu[redacted] cables, a company spokesman said, [redacted] reports from Singapore.

Multi-Corporation, an affiliated company [redacted] Indonesia's PT Astra International, the country's second largest business group, will jointly own the Indonesian plant PT Amni Indonesia with Mitsui and Matsushita Electric, both from *Japan, Bravo International* from the [redacted] and Indonesia's PT Mitracorp Pacificnusantara, [redacted] spokesman said.

The joint venture company [redacted] paid up capital of S$14m has [redacted] capacity [redacted] produce 2.5m panels, known as access floor systems, [redacted] year. Access floor [redacted] will be marketed in Japan, the US and the *Asia-Pacific* region.

■ TRULY International Hold[redacted] to sell 25 per [redacted] of its shares to the public to [redacted] HK$75m (US$7.76m), according to sources close to the issue, AP-DJ reports from Hong Kong. Details [redacted] the [redacted] Kong electronics group's flotation are [redacted] to be announced this [redacted].

Gold Fields of South Africa turns in 12% rise

By Patti Waldmeir in Johannesburg

GOLD Fields of South Africa (GFSA) yesterday reported [redacted] best quarter for a [redacted] a 12 per [redacted] in after-tax *profit* [redacted] the [redacted] *to June 30*.

Profits [redacted] to R246m ($85m), compared with R220m in the previous quarter, the result [redacted] increased [redacted] production and an improved gold price.

Mr A.H. Munro, [redacted] director of gold operations, said a rise in the gold price to an average R32,166 per kg from R30,929 the previous quarter [redacted] been "a [redacted] relief".

An increase in the milling rate, to 3.6m tons milled from 3.56m tons, as well as a rise in [redacted] yield to 8.3g per ton from 7.9g per ton the previous quarter, had also contributed to the improved results. Revenue rose to R957m from R875m in the March [redacted] quarter.

Though tax and the state's share of revenues rose to R118m [redacted] R96m, [redacted] profits *had still* improved.

Mr Munro said that working costs had risen by 4 per cent, adding this was a "not [redacted] acceptable result".

He pointed out that, despite the higher gold price, marginal mines such as Doornfontein and Libanon were still battling to survive, with profit after tax at Doornfontein falling *slightly to R5.17m from* [redacted] Libanon turning an after-tax loss of R667,000 in the previous quarter into a profit of [redacted] in the [redacted]ter [redacted] end-June.

No retrenchments had taken place, despite the current difficult conditions, because [redacted] had been redeployed in other divisions [redacted] the company, he said.

Cotton textile companies in India show their fibre

Gita Piramal finds that sales are not the only driving force behind the sector's recovery

THE cotton textile companies of the highly diversified Bombay-based Arvind Mafatlal group, India's twelfth largest business house, [redacted] showing signs of recovery after several lacklustre years.

Mafatlal Industries (MI) [redacted] almost doubled its gross profits *of Rs216m* [redacted] *for the year* to [redacted] 1991, compared with last year's Rs111m, although sales [redacted] by just 17 per cent to Rs1.9bn from Rs1.6bn.

Mafatlal [redacted] has announced an even better per[redacted] profit is Rs151m, against [redacted] year's [redacted] Rs19.97m, while at Rs21.9bn, sales are marginally higher compared with [redacted] year's Rs20.5bn.

From these figures it appears that sales are not the only factor behind the improved financial results. According to Mr Hrishikesh Mafatlal, vice-chairman and managing director, earnings improved partly because of the group's concentration on exports, where prices were more rewarding.

The [redacted] of the Indian [redacted], which slid almost 25 per [redacted] against the dollar in just three days, is expected to enhance bottom [redacted] even [redacted].

"It will definitely help us. We are hoping to improve our export sales. Currently they are Rs350m. Our target now is Rs1.05bn," said Mr Mafatlal, a supplier to UK's Marks and Spencer.

Both MI and MF have applied for government permission to expand capacity. Between them, the two companies want to add 170 further looms or an extra production of 50,000 meters per day at an estimated cost of [redacted].

Simultaneously, the group [redacted] trying to expand its export range. "We are looking at denim and ready-made garments for the European market, though I do not expect *that either* of these will take-off before 1992," said Mr Mafatlal, whose family pioneered the factory concept for the Indian cotton textile industry in the late 19th century.

The role of the cotton textile interests is likely to be considerably reduced in the future. Petrochemicals already contribute far more to the group's sales of Rs12.27bn than cotton textiles.

At the same time, moves into gas distribution, engineering and chemicals are proving profitable and stimulating new businesses.

Meanwhile, the group has been aggressively identifying new avenues of growth. This year, MI is planning to diversify into electrical engineering in technical collaboration with Germany's Siemens. It is also promoting a new company to manufacture plastic processing machinery.

Not to be left behind, MF plans to produce halon gas for use in fire extinguishers.

Taiwan group takes stake in construction company

By Peter Wickenden in Taipei

PACIFIC Construction, one of Taiwan's largest developers and home-builders, yesterday acquired a 34.5 per cent stake, *worth HK$160m (US$20.7m), in* International Tak Cheung Holdings (ITC), [redacted] Kong construction company.

[redacted] now become ITC's largest [redacted] shareholder [redacted] hopes [redacted] gain a foothold in the Hong Kong and mainland China construction markets.

It [redacted] hopes [redacted] transfer some [redacted] technology from ITC back to Taiwan, [redacted] the government has embarked on a US$300bn six-year infrastructure improvement plan.

Signing the deal in Taipei, Mr Sun Fa-min, Pacific's chairman, said that contracts for the new Hong Kong airport and [redacted] would [redacted] worth at least HK$500bn over *the next 15 years.*

He [redacted] confident [redacted] the colony's [redacted] market and [redacted] prosperity would not diminish after the return [redacted] Beijing's [redacted] in 1997.

ITC, which saw after-tax profits of HK$38m last year, specialises in pre-stressed concrete components, railway sleepers and [redacted] pipes, and [redacted] win [redacted] airport [redacted]. It currently has work wortharound HK$150m in hand.

The 34.5 per cent share [redacted] sold by a diversified Hong Kong-based industrial group, Huey Tai International.

IBM Japan in software venture

IBM Japan and Software Research Associates (SRA), a Japan-based software manufacturer, said they will jointly establish a company to market computer workstations in Japan, AP-DJ reports.

The venture will be capitalised at Y200m. Ownership will be divided, with IBM Japan holding 65 per cent and SRA the remaining 35 per cent. The initial 50 employees will come from the two founding companies.

IBM Japan and SRA plan to [redacted] the [redacted] in Tokyo on September 2.

The new company will be named [redacted] Integration Technology and will sell IBM's high-speed workstation, RISC [redacted].

Sales for the [redacted] calendar year are planned at Y5bn, an IBM Japan spokeswoman said.

INTERNATIONAL CAPITAL MARKETS

Long-dated Treasuries slide ahead of auction

[redacted] Patrick Harverson in New York and [redacted] Webb in London

SUPPLY considerations [redacted] their toll on US bonds yesterday morning, with prices of long-dated paper falling ahead of the approaching auction of government securities.

[redacted] midday, [redacted] benchmark 30-year Treasury bond [redacted] down ⅜ [redacted] 95⅝, yielding 8.509 per cent. The two-year note, however, held [redacted] Monday's gains and was unchanged at 100⅛, yielding [redacted] per cent.

The lack [redacted] news [redacted] market's [redacted] to today's [redacted] of a [redacted] seven-year [redacted] Dealers are wary of holding large positions before the auction, and with details of the two-year and five-year note auctions due out next week supply pressures are likely to keep a lid on medium and long-[redacted] prices.

[redacted] the credit markets the [redacted] in fed

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	[redacted]	[redacted]	11.13	10.95	[redacted]
[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
CANADA *		[redacted]	[redacted]	98.3750	[redacted]	10.01	[redacted]	[redacted]
DENMARK		[redacted]	11/00	[redacted]	-0.125	[redacted]	[redacted]	9.19
[redacted]	STAN	9.000	[redacted]	98.7255	[redacted]	[redacted]	[redacted]	9.08
	OAT	9.500	01/01	101.6900	[redacted]	[redacted]	9.18	9.09
[redacted]		[redacted]	05/01	98.7400	[redacted]	[redacted]	[redacted]	8.56
ITALY		12.500	[redacted]	97.7000	[redacted]	[redacted]	13.45	12.80
JAPAN	[redacted]	[redacted]	06/99	87.7968	[redacted]	7.22	7.20	[redacted]
	No 129	[redacted]	03/00	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]		[redacted]	03/01	[redacted]	[redacted]	[redacted]	[redacted]	8.64
SPAIN		[redacted]	07/96	[redacted]	-0.150	[redacted]	[redacted]	[redacted]
[redacted] GILTS		10.000	11/96	99-02	+5/32	[redacted]	10.41	10.42
		10.000	02/01	96-22	+14/32	[redacted]	10.47	10.52
		[redacted]	10/08	92-06	[redacted]	[redacted]	10.15	10.19
US TREASURY *		8.000	[redacted]	97-25	+1/32	8.33	[redacted]	8.29
		8.125	[redacted]	95-27	-3/32	8.51	[redacted]	8.49

London closing, *denotes New York morning so[redacted] Yields: Local market standard
Prices: US, UK in 32nds, others in decimal Technical Data/ATLAS Price Sources

cent this year.

Economists interpret this as a sign of falling inflation and expect the Bank of England to [redacted] soon in [redacted] The cut [redacted] come [redacted] soon [redacted] this Friday [redacted] the [redacted] Prices [redacted] announced.

The benchmark 11¾ per cent [redacted] due 2003/07 rose from 109⅝ to 110⅛ by [redacted] afternoon [redacted] the 10 per [redacted] gilt [redacted] 1996 rose from 98⅞ to [redacted]

■ GERMAN government bonds edged up in thin trading helped by the relative firmness of the US Treasury bond market.

Traders said that most investors are waiting to see whether the [redacted] to raise interest rates at the council meeting tomorrow in order to cool inflation. Prices rose 3.5 per cent in the year to June, up from 3.0 per cent in the year to [redacted]

The Liffe bund [redacted] contract opened at 84.44 and traded at 84.38 in the late afternoon.

■ JAPANESE government bond prices closed higher, helped by [redacted] the stock [redacted] yesterday.

Bond prices tracked the stock market closely in [redacted] course of the day, following the plunge [redacted] Nikkei [redacted] 23,000 in the morning.

Traders point out that the 22,000 level is considered a critical figure at which banks may [redacted] sell [redacted] their port-[redacted] of Japanese [redacted] bonds due to worries about capital adequacy requirements.

However, [redacted] market picked up to close higher on the day, bond prices rose and the yield on the No 129 benchmark JGB which opened at 6.79 per cent, closed [redacted] 6.775 per cent in Tokyo.

GOVERNMENT BONDS

funds forced the Federal Reserve into arranging two-day system repurchase agreements. The intervention had little initial effect, with the fed funds rate holding steady at 5¾ per cent.

■ UK government bond prices rose yesterday as favourable economic data spurred hopes [redacted] a base [redacted] this week.

Output prices in June were 5.7 per cent above the level of a year ago. This is the lowest rate of increase [redacted] 1990 and is the first time the index has fallen under 6 per

René de la Serre: equity market must be developed

Bourse regulators back plan for reforms

By William Dawkins in Paris

FRANCE'S [redacted] market regulatory body, the Conseil des Bourses de Valeurs (CBV), yesterday [redacted] its full backing for the wide-ranging reforms proposed by a working group of senior financial professionals.

Mr Bruno de Maulde, president of the CBV, said the body would work out in the next few days which of the proposals it had the power to put into place and which needed legislative ch[redacted] and so would be the government's responsibility.

Mr Pierre Bérégovoy, the finance minister, is studying the proposals, published yesterday. Clearly, the government's attitude will determine whether the study brings any lasting practical impact.

The package is the result of six months' work by 15 experts led by Mr René de la Serre, managing director of Crédit Commercial de France, the privatised bank. It has three broad aims: to increase flagging volumes on the Paris Stock Exchange, which has been losing business to London and other centres, make the market more efficient, and improve its financial soundness.

"Paris is developing a technically very modern market place and strong bond and futures markets. What remains to be done is to increase the development of the equity market, which is not up to the same level as the economy should indicate," said Mr de la Serre.

According to his study, annual equity turnover on the Paris bourse is the equivalent of just 11 per cent of French gross domestic product, while London Stock Market turnover [redacted] of Britain's GDP.

Some observers, however, fear the study misses some [redacted] the main issues. It was only natural that London's large gathering of international fund managers should hold a large proportion of the 34 per cent of French equities in foreign hands, said Mr Micha Spierenburg, president of S. G. Warburg France.

It was equally natural that SEAQ International, London's automated trading system of which some of the big French banks are active members, was playing an important role. Its transactions in French equities are unwound and settled in Paris, Mr Spierenburg pointed out.

Neither does the report tackle the sensitive issue of commission rebates, which banks' asset management arms often demand from brokers as a condition of using them to buy shares. "We should have no more rebates because they usually do not benefit the end investors," said Mr Spierenburg.

To lift demand for Paris-traded shares, Mr de la Serre's group calls for the establishment of UK-style pension funds – a rarity in France – and for the creation of private savings plans to coax more private savers into long-term investments in equities.

The report's main proposal for increasing efficiency is to segment stockbroking into three functions, trading, back office execution and custody of securities, [redacted] which would be subject to different minimum capital requirements and codes of conduct.

Mr de la Serre proposes that the four professional organisations which operate the markets, Société des Bourses Francaises in equities, Matif in futures, Monep in options and the Sicovam securities clearing house, should be exposed to more competition and "be submitted more to than logic of business rather than the logic of clubs".

There is a third series of proposals [redacted] improve the financial security of stockbro-[redacted] and their clients, in the wake of the damage inflicted on the market's image by last year's collapse of Tuffier et Associés, now under investigation for possible fraudulent [redacted] of [redacted] securities to cover its trading losses.

The CBV and [redacted] futures markets equivalent, the Conseil du Marché à Terme, should merge into a single regulator for both markets. Meanwhile, the Commission Bancaire, the supervisory arm of the Bank of France, should take over from the CBV responsibility for controlling brokers' financial soundness.

Date [redacted] for interest rate deregulation

By Robert Thomson in Tokyo

THE Japanese government yesterday announced that interest rates on virtually all time and ordinary deposits will be deregulated by 1994, completing [redacted] liberalisation that began six years ago.

Officials from the Finance Ministry and Ministry of Posts [redacted] Telecommunications, which [redacted] postal accounts, said that the minimum level for [redacted] deposits with deregulated interest [redacted] will be lowered to Y3m from Y10m later this [redacted]

It is expected that all restrictions on time deposit [redacted] will be lifted in 1993, while the minimum denomination of Y500,000 [redacted] small-lot [redacted] will be abolished next year.

The deregulation of interest rates is part of [redacted] broader financial [redacted] in Japan, including [redacted] planned easing of restrictions on [redacted] participation in [redacted] industry and the gradual lifting of restrictions on foreign participation in financial services.

For liquid accounts, banks and post offices plan to introduce [redacted] new product next year that, with minimum denominations [redacted],000 and Y400,000, will provide higher interest rates, but less flexibility than regular accounts.

The interest rates of the new [redacted] will [redacted] linked [redacted] average rate on three month large-lot deposits, but [redacted] accounts, for example, will not allow the automatic payment [redacted] or [redacted] bills.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:05 pm on July 9

U.S. DOLLAR [redacted]TS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONA[redacted]	150	101½	102	+⅛	7.84
ALBERTA PROVI[redacted] 95	[redacted]	103	103¼		8.49
AUSTRIA 8 1/2 00	400	97¾	98⅛		[redacted]
BANK OF TOKYO 8 3/8 96	100	98¾	99¼	+⅛	[redacted]
BELGIUM 9 1/8 92	[redacted]	101½	102	-⅛	[redacted]
BFCE 7 3/4 97	150	97¾	98¼	+⅛	8.28
BNP 8 5/8 94	300	101¼	101¾		8.14
BP CAPITAL 9 5/8 93	150	102½	103¼	+⅛	[redacted]
CANADA 9 96	[redacted]	102⅝	102⅞		[redacted]
CARCO 9 1/4 96	[redacted]	100¼	101¼	+⅛	9.21
CCCE 9 1/4 95	[redacted]	103	103¼	+⅛	8.24
COUNCIL EUROPE 8 96	100	98½	98¾		8.40
CREDIT FONCIER 9 1/2 99	300	[redacted]	103¼		[redacted]
DENMARK 0 98	[redacted]	[redacted]	55	-⅛	[redacted]
DENMARK 8 1/4 94	[redacted]	100¼	101		[redacted]
ECSC 8 1/4 96	193	99¾	100¼	+⅛	[redacted]
EEC 7 1/4 93	[redacted]	99¾	100		[redacted]
EIB 7 3/4 96	[redacted]	97¼	[redacted]		8.32
EIB 9 1/4 97	1000	102¼	[redacted]		[redacted]
ELEC DE FRANCE 9 98	[redacted]	101½	[redacted]	+⅛	[redacted]
EUROFIMA 9 1/4 96	100	101¼	[redacted]		8.76
EXPORT DEV CORP 9 1/2 98	150	103½	[redacted]	+⅛	8.81
FINLAND 7 7/8 97	200	95¼	[redacted]	-⅛	[redacted]
FINNISH EXPORT 9 3/8 95	200	103¼	[redacted]	+⅛	[redacted]
FORD MOTOR CREDIT 9 1/2 93	[redacted]	102⅝	[redacted]		8.28
GEN ELEC CAPITAL 9 3/8 96	[redacted]	103¼	[redacted]	+⅛	8.56
GMAC 9 1/8 96	[redacted]	100	[redacted]		
HALIFAX 9 1/2 93	[redacted]	102¼	[redacted]	-⅛	
IBM WORLD TRADE 7 5/8 93	[redacted]	99¾	100⅛	+⅛	7.77
IND BK JAPAN FIN 7 7/8 97	200	96⅛	96⅜		[redacted]
INTER AMER DEV 7 5/8 96	200	96¼	96¾		[redacted]
ITALY 8 1/2 94	1500	101¼	[redacted]	+⅛	[redacted]
JAPAN DEV BK 8 94	150	100⅜	100⅝		7.93
KANSAI ELEC PWR 10 96	350	104¼	104⅝	+⅛	8.84
LTCB 8 3/8 93	150	101⅛	101⅜	+⅛	7.83
NEW ZEALAND 8 93	100	100¼	100⅝		7.85
NIPPON CRED BK 9 3/4 93	150	103¼	103⅝	+⅛	8.08
NIPPON TEL & TEL 9 3/8 95	200	103¼	103⅝	+⅛	8.28
NORDIC INV BANK 9 93	200	102½	102⅞		7.59
ONTARIO HYDRO 11 5/8 94	[redacted]	107⅝	[redacted]	-⅛	8.39
OSTER KONTROLLBANK 8 1/8 93	[redacted]	100⅞	[redacted]		[redacted]
PETRO-CANADA 7 1/4 96	200	94¼	95¼	+⅛	[redacted]
PRUDENTIAL RLTY SECS 0 99	[redacted]	50⅞	51⅝	+⅛	[redacted]
QUEBEC HYDRO 9 3/4 98	[redacted]	102¼	[redacted]	+⅛	[redacted]
QUEBEC PROV 9 98	200	99½	99⅞	+⅛	[redacted]
SAINSBURY 9 1/8 96	150	101⅝	102⅛	+⅛	[redacted]
SAS 10 99	200	99	100	-⅛	10.17
SBAB 9 1/2 95	500	103¼	[redacted]	+⅛	8.44
STATE BK STH AUST 9 1/4 93	[redacted]	101¾	[redacted]		7.97
SUMITOMO BK CAP MKT 9 3/8 93	150	102½	103		8.13
SWEDEN 8 1/8 94	150	100¼	101	+⅛	[redacted]
SWEDISH EXPORT 9 5/8 93	100	103¼	103¾		[redacted]
TOKYO METROPOLIS 8 1/4 96	200	99	[redacted]		
WORLD BANK 8 3/8 99	1500	98¼	98¾		[redacted]
WORLD BANK 8 3/4 97	1500	[redacted]	[redacted]	+⅛	[redacted]
XEROX CORP 8 3/8 96	[redacted]			+⅛	[redacted]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
DEUTSCHE BK FIN 5 5/8 96	750	89½	[redacted]	-⅛	[redacted]
DEUTSCHE FINANCE 7 1/2 95	1000	97½	[redacted]		8.32
EEC 5 3/8 93	300	95¼	95¾	+⅛	8.98
EIB 5 3/4 98	[redacted]	86¼	[redacted]	+⅛	8.54
EIB 6 7/8 95	300	94¼	94¾	+⅛	8.49
EUROFIMA 6 1/4 98	400	[redacted]	[redacted]	-⅛	[redacted]
FERRO DEL STAT 5 3/8 93	[redacted]	[redacted]	[redacted]		[redacted]
IND BK JAPAN FIN 5 5/8 96	[redacted]	88	88	+⅛	8.79
IND DEV BK INDIA 6 3/8 94	200	89	89	+⅛	10.30
INTER AMER DEV 7 1/4 99	300	92¼	92¾	+⅛	8.54
LUFTHANSA INT FIN 5 7/8 98	400	[redacted]	85½	-⅛	8.79
MET EST & PROP INTL 7 99	[redacted]	[redacted]	87		9.41
NAT BK HUNGARY 8 96	[redacted]	90¼	91	-⅛	10.32
QUEBEC HYDRO 6 3/4 99	300	[redacted]	[redacted]		8.78
SWEDEN 6 1/8 98	300	88¼	[redacted]		[redacted]
VENEZUELA 8 1/4 93	100	97¼	98	-1⅛	9.57
WORLD BANK 0 15	2000	15⅛	15⅜	-⅛	7.82
WORLD BANK 5 3/4 96	300	88⅜	88⅞	-⅛	8.73
WORLD BANK 7 1/8 95	500	[redacted]	96¼	+⅛	8.38

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	94½	94¾	+¼	[redacted]
AUSTRIA 4 5/8 98	100	89	90¼	-1½	[redacted]
CHUJITSUYA 7 3/4 95	50	101	102		[redacted]
COUNCIL EUROPE 4 3/4 98	250	89½	90½	-⅛	6.77
EEC 5 1/2 00	100	[redacted]	93	+⅛	[redacted]
EIB 5 3/4 93	[redacted]	[redacted]	[redacted]		6.94
ELEC DE FRANCE 7 1/4 06	100	[redacted]	[redacted]		[redacted]
FINLAND 5 3/8 95	150	96	96½		6.46
GENERAL MOTORS 7 1/2 95	100	101	[redacted]		7.17
JAPAN DEV BK 5 1/2 94	100	97	[redacted]		6.79
NEW ZEALAND 4 7/8 99	200	89	[redacted]	+⅛	6.77
QUEBEC HYDRO 5 08	160	79	[redacted]		7.20
SKANDINAVISKA ENSK 6 1/2 95	100	99½	100		6.65
WORLD BANK 5 03	150	86	87		6.73
WORLD BANK 7 01	600	102¼	102¾		6.67

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	94⅝	95	+¼	7.14
CANADA 4 3/8 92	80000	97¼	[redacted]	+⅛	7.44
CREDIT FONCIER 5 1/4 94	20000	94	[redacted]	+⅛	7.26
DENMARK 7 95	40000	99⅞	[redacted]	+⅛	7.02
EIB 4 5/8 99	40000	[redacted]	[redacted]	+⅛	7.08
GENERAL ELECTRIC 5 3/4 93	35000	[redacted]	[redacted]	+⅛	7.48
INTER AMER DEV 7 1/4 00	30000	101¼	101¾	+⅛	7.01
ITALY 5 3/4 92	[redacted]	[redacted]	99⅝		7.19
KANSAI ELEC PWR 4 5/8 94	[redacted]	93¼	93⅝	+⅛	7.31
NIPPON TEL & TEL 5 7/8 96	50000	[redacted]	95¼	+⅛	6.96
NORWAY 5 1/8 95	50000	93⅞	94⅛	+⅛	7.04
SWEDEN 5 5/8 95	20000	94¼	95¼	+⅛	7.07
WORLD BANK 6 3/4 00	50000	99	99¼		6.90

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94½	95¼	-⅛	9.31
KREDIETCORP 7 93 LFr	1000	95⅝	96⅞	-⅛	9.26
WORLD BANK 8 96 LFr	1000	96½	97¼	-⅛	8.92
AMRO [redacted]K 6 1/4 92 Fl	150	96¼	97¼		9.60
RABO[redacted] 5 3/4 93 Fl	150	94¼	95¼		9.48
ALBERTA PROVINCE 10 92 C$	500	100¼	100⅝	-⅛	9.72
BCE INC 9 5/8 99 C$	300	99	99½	-⅛	10.21
BELL CANADA 10 5/8 99 C$	150	98	98½	+⅛	11.01
BRITISH COLUMBIA 9 1/4 93 C$	150	98¾	99¼		10.04
EIB 10 1/8 98 C$	130	98½	99¼	-⅛	10.42
FORD CREDIT CANADA 10 94 C$	100	97⅝	98¼	-⅛	10.95
GENERAL ELECT CAP 10 1/4 93 C$	175	100½	101		9.94
MONTREAL TRUSTCO 8 1/2 92 C$	100	98¼	99¼	+⅛	10.58
ONTARIO HYDRO 10 7/8 99 C$	500	99¼	99¾	+⅛	10.93
QUEBEC PROV 10 1/2 98 C$	200	97¼	97¾		11.06
ROYAL TRUSTCO 10 1/4 93 C$	100	99¼	99¾	+⅛	10.68
SWEDEN 9 3/4 93 C$	250	100	100½		9.71
BELGIUM 9 1/8 96 Ecu	1250	99¼	99¾	-⅛	9.31
CNT 7 3/8 93 Ecu	250	95½	96¼	+⅛	10.00
CREDIT LYONNAIS 9 96 Ecu	125	96½	97¼	-⅛	9.93
DENMARK 7 5/8 96 Ecu	250	91¾	92¼	+⅛	9.96
EEC 7 5/8 94 Ecu	200	96	96½		9.38
EIB 10 97 Ecu	1125	103¼	103¾		9.09
ITALY 10 3/4 00 Ecu	1000	107	107¼	-⅛	9.52
UNITED KINGDOM 9 1/8 01 Ecu	2750	99¼	99¾	-⅛	9.23
BMW FINANCE 14 1/2 92 A$	100	101½	102½		12.01
COUNCIL EUROPE 13 93 A$	50	101¾	102¼	-⅛	12.09
EKSPORTFINANS 12 3/8 95 A$	75	102¼	103¼	-⅛	11.44
FORD CRED AUST 13 93 A$	50	100¼	101¼	-⅛	12.70
ICI 15 1/2 92 A$	100	102⅞	103⅜		11.83
MCDONALDS CANADA 15 95 A$	100	108¼	109⅜	-⅛	13.20
NAT AUSTRALIA BANK 14 3/4 94 A$	150	105¼	106¼	-⅛	11.96
STATE BK NSW 14 1/4 99 A$	100	108¼	108½	-⅛	12.58
VOLKSWAGEN INTL 15 94 A$	100	106¼	107¼	-⅛	11.95
ABBEY NATL TREAS 13 3/8 95 £	100	106¼	106⅝		11.17
BARCLAYS JERSEY 9 1/2 93 £	250	97⅝	98		11.88
BRITISH GAS 12 3/4 95 £	300	105	105⅜		10.94
DEUTSCHE BK FIN 11 94 £	225	100⅝	101	+⅛	[redacted]
EIB 10 97 £	[illegible]	96½	96⅞		[redacted]
FORD CREDIT FUNDING 9 5/8 93 £	50	96¼	97¼	+⅛	[redacted]
INTER AMER DEV 11 3/8 95 £	75	102	102½		[redacted]
ITALY 10 1/2 14 £	400	93⅝	94¼	+⅛	[redacted]
LAND SECS 9 1/2 07 £	200	81¼	81⅝	+⅛	[redacted]
LEEDS PERMANENT 9 1/4 98 £	90	96¼	97¼		[redacted]
NORWAY 10 1/2 94 £	200	99¼	99¾		[redacted]
ROLLS-ROYCE 9 5/8 93 £	150	96¼	97¼		[redacted]
SAINSBURY 10 7/8 93 £	100	99½	100	-⅛	[redacted]
SKANDINAVISKA ENSK 13 1/8 95 £	[redacted]	105	105½		[redacted]
WORLD BANK 11 1/4 95 £	[redacted]	101¾	102¼	+⅛	[redacted]
ABBEY NATIONAL 0 96 NZ$	[redacted]	58¼	59¼	+⅛	[redacted]
TELECOM NZ 0/S FIN 13 1/8 93 NZ$	[redacted]	104¼	105¼	+⅛	[redacted]

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ALBERTA PROVINCE 1/32 93	500	99.96	100.06	[redacted]
ALLIANCE & LEICS 0.08 94 £	300	99.46	99.56	[redacted]
BANCO ROMA 0.03 01	[redacted]	92.00	93.00	6.4675
BANCO SANTO SPIRITO 93	[redacted]	99.52	99.66	6.5000
BELGIUM 1/16 97 DM	500	99.95	100.08	9.1250
BFCE -0.02 96	350	[redacted]	99.91	[redacted]
BNP 05	300	95.88	96.88	6.4375
BRITA[redacted] 1/10 96 £	150	[redacted]	99.29	11.9750
CCCE [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
CITIZE[redacted] 0.15 96	[redacted]	[redacted]	99.80	7.0250
COMMERZBK O/S FIN 93	200	[redacted]	99.91	6.5625
DENMARK -1/8 96	[redacted]	99.54	99.66	6.5938
DRESDNER FINANCE 1/32 98 DM	[redacted]	99.93	100.01	9.2656
ELEC DE FRANCE 1/8 99	400	100.40	[redacted]	[redacted]
FERRO DEL STAT 94	[redacted]	100.47	100.72	[redacted]
HALIFAX 1/10 94 £	[redacted]	99.81	[redacted]	[redacted]
HILL SAMUEL 1/4 PERP	75	84.50	86.50	[redacted]
MITSUI FIN ASIA 1/8 96	100	99.67	99.77	7.0000
MORGAN (JP) 1/4 97	250	98.50	99.25	6.2500
NAT WEST FIN 3/16 05	[redacted]	91.75	92.75	6.5000
NEW ZEALAND 93	[redacted]	99.79	99.89	[redacted]
QUEBEC PROV 01	300	96.32	96.68	[redacted]
RENFE 98	500	99.87	99.97	[redacted]
SOCIETE GENERALE 96	300	[redacted]	[redacted]	[redacted]
STATE BK VICTORIA 0.05 99	125	[redacted]	[redacted]	[redacted]
UNITED KINGDOM -1/8 96	4000	99.98	100.01	5.9375

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.86	114¼	[redacted]	+11.52
ASDA-MFI 4 3/4 02 £	[redacted]	[redacted]	117	[redacted]	
BURTON GROUP 4 3/4 01 £	[redacted]	3.15	117	118½	
EASTMAN KODAK 6 3/8 01	[redacted]	90.67	95¼	96¼	[redacted]
GOLD KALGOORLIE 7 1/2 00	[redacted]	1.0554	71½	72¼	[redacted]
GOODYEAR TIRE 6 7/8 03	[redacted]	[redacted]	72¾	74	+70.13
GRACE (WR) 6 1/4 02	150	42¼	90¼	91¼	+14.11
HANSON 9 1/2 06 £	500	2.5875	96½	97	[redacted]
HAWLEY 6 02 PREF	400	19.2	82	84½	
HILLSDOWN 4 1/2 02 £	150	4.16	110¼	111¼	+97.47
INTL PAPER 5 3/4 02	200	68¼	107½	108¼	[redacted]
LAND SECS 6 3/4 02 £	84	6.72	83	84	+15.72
MITSUBISHI BK 1 3/4 02	300	[redacted]	95¼	[redacted]	
OGDEN 6 02	85	[redacted]	70¼	71¼	+37.01
PACIFIC DUNLOP 6 3/4 97	75	3.749	108	109	+0.35
TEXAS INSTRUMENTS 2 3/4 02	300	82¼	83¼	84¼	[redacted]
THORN EMI 5 3/4 04 £	103	7.45	111¼	112¼	+14.64

* No information available - previous day's [redacted]
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month [redacted] rate ([redacted] above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE [redacted]: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

LEGAL NOTICES

JBJ CHAIRS LIMITED

Registered Number: 1636756
Nature of business: General furnishers and manufacturers
[redacted] classification: Furniture Wholesalers.
[redacted] of [redacted] of joint [redacted] 17 June 1991.
Name of person appointing the joint administrative receivers: Barclays Bank Plc.
R M Addy and C J Barlow Joint Administrative Receivers
(office holder no's 1031 and 1030 of Cork Gully, Shelley House, 3 Noble Street, LONDON EC2V 7DQ

NORRARD LIMITED

Registered number: 0421877
Nature of business: Trawler owners and managers
Trade classification: 30
Date of appointment of joint administrative receivers: 18 June 1991
Name of person appointing the administrative receivers: Barclays Bank Plc
JOSEPH PATRICK CONSIDINE and RICHARD ANTHONY SMART
Joint Administrative Receivers
(office holder nos 056 and 289)
Cork Gully
Churchill House
Churchill Way
Cardiff CF1 4XQ

CATERCRAFT (SUSSEX) LIMITED

Registered number: 1003757
Nature of business: Commercial Kitchen Suppliers
Trade classification: 11
Date of appointment of joint administrative receivers: 20 June 1991
Name of person appointing the administrative receivers: Midland Bank Plc
N J VOOGHT AND J M IREDALE
Joint Administrative Receivers
(office holder nos 008899 and 002104)
Cork Gully
9 Greyfriars Road
Reading
Berkshire RG1 1JG

[redacted] COMMERCIAL LIMITED

Registered number: [redacted]
Nature of business: Estate Agents and Surveyors in Commerce and Industry
Trade classification: 35
Date of appointment of joint administrative receivers: 28 June 1991
[redacted] of person appointing the joint administrative receivers: Midland Bank [redacted]
JOHN FREDERICK POWELL and LYNN ROBERT BAILEY
Joint Administrative Receivers
(Office holder nos 249 and 5495) of Cork Gully Abacus House, 32 Friar Lane, Leicester LE1 5RA

R B DISTRIBUTORS LIMITED

Registered number: 880467
Nature of business: Commercial Kitchen Suppliers
Trade classification: 11
Date of appointment of joint administrative receivers: 20 June 1991
Name of person appointing the administrative receivers: Midland Bank Plc
N J VOOGHT AND J M IREDALE
Joint Administrative Receivers
(office holder nos 008899 and 002104)
Cork Gully
9 Greyfriars Road
Reading
Berkshire RG1 1JG

INTERNATIONAL CAPITAL MARKETS

Japanese issuers add to heavy supply of paper

By Simon London

A FURTHER heavy batch of Japanese warrant bonds was launched in the international bond market yesterday, despite the volume of unplaced paper in the market and volatility of equity prices in Tokyo this week.

A total of nine warrant bond issues was launched yesterday in the Eurodollar, D-Mark and Swiss franc sectors, raising a total of $900m equivalent. Including two convertible deals, Japanese companies yesterday raised $1bn equivalent in equity-linked debt.

However, the market is showing the strain of absorbing such heavy supply, raising the question whether the Japanese authorities will act to slow the supply of new paper.

All of the warrant bond issues launched yesterday fell below issue price, most trading at a discount close or equivalent to full fees. A DM100m five-year issue by Chubu Steel Plate, lead managed by Nikko, traded down from an issue price of par to 97½ bid, outside full fees of 2¼ per cent.

Elsewhere, Credit Suisse became the first borrower to risk testing fragile sentiment in the Ecu sector to take advantage of attractive swaps opportunities.

The bank launched a Ecu200m four-year issue, lead managed by Credit Suisse First Boston. The bonds pay a coupon of 9¼ per cent and were priced to yield 9.23 per cent. The pricing was seen as aggressive in the market, but participants in the deal reported steady retail demand for triple-A rated bonds.

However, other borrowers are being advised by syndicate managers to postpone issues despite the tempting interest rate and currency swaps opportunities available.

Swap "windows" in Ecu are often created by large domestic auctions of Ecu-denominated bonds by the Italian government. Tomorrow, the government is expected to issue Ecu1bn of five-year domestic bonds.

Holders of the government paper swap their fixed rate stream of Ecu-denominated income from the government debt for a floating rate payment. An issuer of fixed rate Ecu bonds can use this fixed income stream to meet its coupon payment obligations and pay a floating rate in another currency in return.

Yet the swap arbitrage will only work for borrowers if investors are willing to buy Ecu Eurobonds. There are signs that the Ecu sector is still burdened by unplaced paper. For example, Norway's Ecu1bn five-year deal launched last month was priced to yield two basis points less than Belgium's existing benchmark issue. The Norway bonds are now yielding three basis points more than Belgium, suggesting that not all of the paper is in the firm hands of investors.

In the French franc sector, the European Investment Bank came with a substantial FFr2bn 10-year issue, lead managed by BNP Capital Markets. The paper carries a coupon of 9½ per cent and was reoffered to investors at a fixed price of 99.69. At this level, the yield spread over comparable securities issued by the French government is 35 basis points.

Another tax-exempt issue came from Crediop, the Italian financial institution, which made its first Eurolire bond issue since its credit rating was cut to Aa-1 from triple-A, along with the rating of the Italian government, by Moody's Investors Service.

The L300bn 10-year deal was lead managed by Banco di Napoli and carries a coupon of 11.20 per cent. The lead manager reported strong demand and little impact from the downgrading. From an issue price of 101.325 the paper was trading at 100.10 by late afternoon, inside fees of 1⅞ per cent.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Tobu Railway(a)♦	[illegible]	4¼	100	1995	2¼/1½	Yamaichi Int.
Showa Elec.Wire & Cable([illegible]	[illegible]	4¼	100	1995	2¼/1½	Daiwa Europe
Tokyu Hotel Chain(a)♦	[illegible]	4¼	100	1995	2¼/1½	Yamaichi Int.
Tsutsunaka Plastic Ind.(a)♦	[illegible]	4¼	100	1995	2¼/1½	Daiwa Europe
Senshukai Co.(a)♦	[illegible]	4¼	100	1995	2¼/1½	Daiwa Europe
ECUs						
Credit Suisse Fin.(a)†	200	9¼	100.475	1995	1⅝/1½	CSFB
CANADIAN DOLLARS						
Ford Credit Canada(a)†	100	11	101.40	1996	1⅞/1.55	ScotiaMcLeod Inc.
FRENCH FRANCS						
EIB(a)†	2bn	9½	99.69	2001	32.5/17.5bp	BNP Capital Mkts.
LIRE						
Crediop(a)†	300bn	11.2	101.325	2001	1⅞/1¼	Banco di Napoli
D-MARKS						
Mr Max Corp(a)♦	100	5	100	1995	2¼/1½	Nomura Europe GmbH
Chubu Steel Plate(a)♦	100	5	100	1995	2¼/1½	Nikko Bk GmbH
Teraoka Seisakusho(a)♦	40	5	100	1995	2¼/1½	Nikko Bk GmbH
SWISS FRANCS						
Kanebo(b)★★§	150	4	[illegible]	1995	-	SBC
Nissan Construction(c)★★♦	100	4	100	1995	1⅝	Nomura Bk (Switz)
Gourmet Kineya(a)★★♦	45	2⅞	100	1995	-	Daiwa Secs.(Switz)
SWEDISH KRONOR						
SBAB(d)†	250	10½	99.65	1996	1⅝/1⅛	Svenska Int.

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Put option 30/9/93 at 10[illegible] to yield 7.064%. Coupon payable semi-annually. c) Put option 31/3/94 at 108⅛% to yield 6.811%. d) Fungible with existing SKr500m deal. Non-callable.

Flotation of Grupo Torras unveiled

By Tom Burns in Madrid

GRUPO TORRAS, a private holding company owned by the Kuwait Investment Office (KIO), could be partially refloated on the Madrid Stock Exchange early next year.

Plans for the flotation were unveiled at a Torras board meeting in Barcelona which was held to approve a conversion into shares of $1.4bn [illegible] KIO loans to the group.

The debt-for-equity swap raises Torras' share capital by more than $100m to $182.6m and increases the KIO shareholding in the company to 90 per cent, with the remaining stock held by Torras executives.

The decision to seek a listing during the first quarter of 1992 follows the recent acquisition by Torras Papel, the paper division, of its chief domestic competitor, the Italian-owned Sarrio group.

The Torras board said the group had achieved the main targets of an investment drive in Spain, which had commenced in 1986, and it would now seek to break into pan-European business through acquisitions outside Spain.

Torras, which includes leading chemical and financial operations as well as paper, was delisted from the stock market last year.

Banks seek more profitable debts

Tracy Corrigan on the change in the market for 'distressed' loans

THE secondary market in LDC (less developed country) debt has rallied strongly in the first half of this year, encouraging banks to look for fresh opportunities in trading other types of "distressed" debt.

The improving credit quality of many lesser developed countries has boosted prices in the LDC debt market, and the volume of secondary trading has increased dramatically. Dealers estimate that turnover will have grown from around $10bn a year in the mid-1980s to as much as $200bn by the end of this year. Mexico's and Venezuela's "Brady bonds" – backed by zero-coupon US Treasury bonds – are among the most actively traded LDC debt instruments.

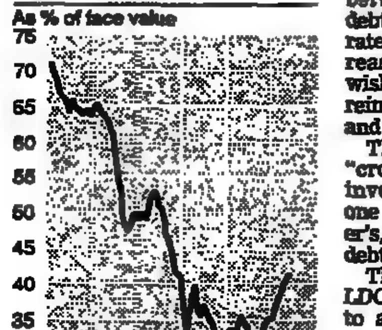
The LDC debt price index compiled by NMB Bank hit a low point at the end of 1989, from just over 30 per cent to just under 50 per cent of par value. The return of borrowers such as Pemex, Mexico's state-owned oil company, to the public bond markets has broadened the institutional investor base for Latin American debt, for example.

Now that many banks have full provisions against LDC debt exposure, they are able to buy and sell for cash, rather than swapping assets, as they did in the early days of the market's development.

But there are new opportunities to employ the expertise they acquired in other markets where debt is trading at substantial discounts. To this end, some banks are considering restructuring their debt trading operations.

Average price of LDC bank loans

As % of face value



Source: NMB Bank

Originally, most secondary LDC debt trading teams were charged with restructuring their own banks' distressed loan portfolios, when many lesser developed countries defaulted on their debt payments in the mid-1980s.

But other areas of the debt market have since met a similar fate. In 1986, the floating-rate note sector of the Eurobond market slumped. Subordinated bank debt – especially perpetuals which are never redeemed – suffered most, and moved to LDC-type price levels.

In the US, loans and junk bonds which financed the buy-out boom of the 1980s collapsed at the end of the decade.

The shift in credit quality between improving sovereign debt and often declining corporate debt is causing banks to reassess which assets they wish to hold, a trend which is reinforced by capital adequacy and provisioning requirements.

These factors may favour "cross-asset trading," which involves exchanging not just one country's debt for another's, but one type of discounted debt for another.

The original principles of LDC debt trading are extended to allow holders of different asset types, which are trading at a discount to their par value, to adjust their exposure without realising losses by selling assets outright.

US institutional investors have an appetite for high-yielding debt no longer filled by the defunct junk bond market, and US insurance companies have to meet new capital ratios imposed by their authority, the National Association of Insurance Commissioners (NAIC).

Some European banks have also been involved. For example, several French banks are said to have been selling US corporate debt and replacing it with Brady bonds in order to avoid provisioning.

The idea is not entirely new – Salomon Brothers arranged a switch between LDC debt and collateralised mortgage obligations in 1987, and there has been a trickle of such deals since then. But most banks still are not organised to trade across asset categories, and would have to merge different trading units to promote such business.

Several London-based trading operations, such as NMB, Chartered WestLB, Merrill Lynch and Morgan Grenfell, are looking at such changes.

Continental Bank's London operation has already merged its LDC, corporate loan and FRN trading units to facilitate such trading. "Most of the day we're working in our traditional areas of LDC debt, secondary loans or FRN trading. But we are also well positioned to see cross-trades," said Ms Alex McLeod, managing director in charge of secondary asset trading in Europe.

However, some bankers remain cautious about the market's growth potential. "In principle, it would make sense for institutions to swap (corporate loans) for portfolio management purposes, but because there is no standard documentation, it is much messier (than for LDC loans)," said Mr Peter Geraghty, senior vice-president at NMB Bank in New York.

● Petrobras, the Brazilian state-owned oil company, will today launch a $200m two year Eurobond issue – marking a return of Brazilian borrowers to the international capital market. The issue, lead managed by Chase Manhattan, will carry a 10 per cent semi-annual coupon and be priced at a discount to face value to yield 13.5 per cent.

Securities market opens in Canton

CHINA has opened a securities market in Canton, the capital of the booming southern province of Guangdong, Reuter reports from Beijing.

According to the official New China News Agency, the Guangzhou Securities Corporation and its associated financial market would focus on long-term capital financing and trading of bonds issued by state-owned banks, enterprises and the state treasury.

The market is not at present intended to trade stocks, the agency said. Nearby Shenzhen houses China's second centralised stock exchange, which opened on July 3.

Indonesia hit by unfavourable conditions

By Sara Webb

INDONESIAN companies are facing problems with equity issuance due to the jittery state of the local stock market.

When PT Semen Gresik, the state-controlled Indonesian cement company, was listed on the Jakarta Stock Exchange on Monday after its £88m share offering, the shares plummeted 28 per cent in two days. Meanwhile, DSS, the financial services group which had planned an international equity issue in July, has postponed its offering because of unfavourable market conditions.

INTERNATIONAL EQUITIES

The government has reduced its holding in PT Semen Gresik to 73 per cent from 100 per cent through the sale of 40m shares, of which 10m were offered to foreign investors who are allowed to invest in Indonesian companies directly. The shares were priced at Rp7,000 each, but fell to Rp5,650 at the end of the first day's trading and closed at Rp5,060 yesterday.

PT Semen Gresik is the first state enterprise to make a public offering. The proceeds are intended to help finance the construction of a new cement factory in East Java and expand an existing cement plant, according to Nikko Merchant Bank (Singapore), the lead manager for the international offering.

The issue closely follows a convertible bond issue by Indocement, a rival Indonesian cement group, leading some equity syndicate managers to suggest that the Indonesian Capital Market Supervisory Agency should introduce an orderly queuing system for companies wishing to make international issues.

Meanwhile, DSS (Dharmala Sakti Sejahtera), a family-owned financial services group, decided to postpone the launch of its international equity offering which was due this month. Banque Indosuez, the lead manager, said the company had decided to wait for more favourable market conditions.

DSS covers banking, insurance and leasing, and has an estimated market capitalisation of about $300m. It planned to raise $40m of new equity, of which 70 per cent will be offered to international investors.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of [illegible] per section)	Tuesday July 9 1991: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1991 to date	Mon Jul 8: Index No.	Fri Jul 5: Index No.	Thu Jul 4: Index No.	Year ago (approx): Index No.
1	CAPITAL GOODS (184)	794.76	+0.2	11.04	6.07	11.14	18.16	793.49	798.77	799.20	871.10
2	Building Materials (24)	999.43	-0.5	10.28	6.24	12.15	30.46	1004.69	1013.45	1016.16	1089.80
3	Contracting, Construction (31)	1125.47	-1.5	9.90	6.93	13.34	31.87	1142.18	1153.53	1163.85	1418.13
4	Electricals (10)	2283.27	+0.3	11.36	5.86	11.21	61.85	2276.84	2288.24	2292.71	2461.69
5	Electronics (25)	1690.04	....	8.92	5.32	14.91	10.13	1689.41	1698.57	1700.12	1783.84
6	Engineering-Aerospace (8)	407.89	+1.1	16.79	6.15	7.15	10.83	403.33	404.99	403.85	473.66
7	Engineering-General (46)	434.54	+0.3	12.71	5.80	9.59	9.92	433.43	435.67	434.85	488.77
8	Metals and Metal Forming (8)	435.19	+1.6	16.16	8.12	7.59	3.82	428.36	433.28	432.58	479.80
9	Motors (12)	301.47	+0.9	13.11	8.02	9.00	9.98	298.69	302.00	302.35	363.87
10	Other Industrial Materials (20)	1507.69	+0.5	9.30	5.32	12.65	34.85	1500.52	1507.04	1504.05	1569.26
21	CONSUMER GROUP (187)	1456.90	+0.8	8.07	3.73	15.24	22.68	1444.95	1456.63	1448.87	1292.39
22	Brewers and Distillers (22)	1758.35	+0.2	8.76	3.77	13.92	27.45	1755.06	1774.55	1764.63	1602.17
25	Food Manufacturing (19)	1183.77	+0.4	9.69	4.18	12.74	23.29	1178.58	1186.78	1178.21	1089.39
26	Food Retailing (17)	2649.74	+1.4	8.10	3.17	16.18	39.61	2613.22	2639.50	2636.05	2504.65
27	Health and Household (22)	3580.61	+1.3	5.35	2.40	21.36	30.21	3535.73	3555.76	3536.05	2562.89
29	Hotels and Leisure (23)	1202.19	+0.5	10.90	[illegible].77	10.89	23.89	1196.09	1206.10	1201.33	1447.73
30	Media (26)	1353.33	+0.8	9.46	[illegible].20	13.41	29.60	1342.46	1352.67	1354.34	0.00
31	Packaging, Paper & Printing (17)	708.75	+1.8	7.94	[illegible].65	15.20	14.33	696.39	696.03	689.48	610.08
34	Stores (32)	891.88	+0.8	8.66	4.07	15.10	16.28	884.83	894.55	885.98	787.51
35	Textiles (9)	532.52	-0.6	9.41	5.82	13.19	13.79	535.98	535.98	533.75	493.49
40	OTHER GROUPS (109)	1222.67	+0.7	10.22	5.25	12.05	21.16	1214.53	1217.00	1206.52	1182.76
41	Business Services (12)	1260.43	+0.7	9.10	3.16	13.42	29.13	1251.25	1253.16	1242.57	0.00
42	Chemicals (21)	1396.98	+0.8	8.01	5.16	14.08	32.35	1385.74	1385.21	1388.20	1262.66
43	Conglomerates (10)	1407.44	+1.2	10.83	7.37	11.15	31.93	1390.41	1399.58	1396.74	1587.33
44	Transport (13)	2137.77	-0.3	8.85	4.98	14.01	46.60	2145.14	2160.78	2158.06	2298.65
45	Electricity (16)	1207.58	+0.2	14.16	5.38	9.00	0.00	1205.36	1202.05	1174.98	0.00
46	Telephone Networks(4)	1451.72	+1.3	10.22	4.19	12.81	5.58	1432.56	1432.73	1425.92	1245.63
47	Water(10)	2303.73	-1.2	17.93	6.68	6.16	118.37	2330.95	2322.26	2261.32	1951.98
48	Miscellaneous (23)	1986.80	+0.7	6.09	4.86	21.30	47.71	1973.39	1989.40	1956.52	1810.40
49	INDUSTRIAL GROUP (488)	1220.77	+0.6	9.34	4.67	13.18	21.39	1212.91	1219.98	1213.53	1164.96
51	Oil & Gas (20)	2403.92	+0.9	11.29	5.69	11.65	90.59	2382.02	2399.57	2383.94	2271.16
59	500 SHARE INDEX (508)	1320.77	+0.7	9.59	4.80	12.96	23.79	1311.81	1319.71	1312.53	1258.02
61	FINANCIAL GROUP (94)	775.91	+0.6	–	6.11	–	20.71	771.28	779.34	777.00	798.65
62	Banks (9)	863.96	+0.7	6.94	6.41	21.81	22.63	857.80	873.48	876.74	851.07
65	Insurance (Life) (7)	1483.23	+0.8	–	5.58	–	41.64	1470.83	1478.12	1458.09	1452.03
66	Insurance (Composite) (6)	665.79	+0.4	–	6.58	–	20.23	662.93	666.94	659.52	677.98
67	Insurance (Brokers) (8)	1139.11	+1.4	6.85	5.95	18.93	29.60	1123.57	1127.33	1125.81	975.02
68	Merchant Banks (7)	418.03	-0.3	–	5.02	–	11.00	419.38	421.35	419.11	433.47
69	Property (37)	889.59	+0.4	6.94	5.25	19.96	19.29	885.73	890.77	888.66	1101.70
70	Other Financial (20)	257.65	....	11.12	7.00	11.24	7.80	257.74	258.06	257.13	287.29
71	Investment Trusts (70)	1187.48	+0.7	–	3.56	–	19.23	1178.99	1186.04	1182.70	1208.57
99	ALL-SHARE INDEX (664)	1189.20	+0.7	–	4.94	–	22.74	1181.25	1189.05	1183.05	1147.60

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jul 8	Jul 5	Jul 4	Jul 3	Jul 2	Year ago
FT-SE 100 SHARE INDEX‡	2487.9	+21.1	2490.8	2480.9	2466.8	2484.7	2470.4	2448.2	2460.2	2327.5

FIXED INTEREST

	PRICE INDICES	Tue Jul 9	Day's change %	Mon Jul 8	Accrued Interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (29)	121.39	+0.10	121.27	2.01	6.06
2	5-15 years (27)	131.77	+0.32	131.36	2.62	6.73
3	Over 15 years (9)	138.68	+0.54	137.94	2.31	6.44
4	Irredeemables (6)	152.28	+0.60	151.38	1.57	7.34
5	All stocks (71)	130.69	+0.26	130.35	2.40	6.57
	Index-Linked					
6	Up to 5 years (1)	159.05	....	159.04	0.52	2.72
7	Over 5 years (10)	145.74	+0.01	145.72	0.84	2.22
8	All stocks (11)	146.68	+0.01	146.66	0.83	2.23
9	Debs & Loans (56)	109.55	+0.24	109.29	2.45	5.18

	AVERAGE GROSS REDEMPTION YIELDS		Tue Jul 9	Mon Jul 8	Year ago (approx.)
	British Government				
1	Low	5 years	9.03	9.00	10.87
2	Coupons	15 years	9.85	9.92	10.86
3	(0%-7¾%)	20 years	9.85	9.92	10.86
4	Medium	5 years	10.24	10.28	12.25
5	Coupons	15 years	10.08	10.14	11.36
6	(8%-10¾%)	20 years	10.00	10.07	11.14
7	High	5 years	10.42	10.45	12.34
8	Coupons	15 years	10.21	10.28	11.60
9	(11%-)	20 years	10.10	10.17	11.38
10	Irredeemables	†	10.04	10.10	10.92
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.48	4.48	5.41
12	Inflation rate 5%	Over 5 yrs.	4.33	4.33	4.27
13	Inflation rate [illegible]	Up to 5 yrs.	3.60	3.59	4.36
14	Inflation rate 10%	Over 5 yrs.	4.15	4.15	4.10
15	Debs &	5 years	11.87	11.91	13.63
16	Loans	15 years	11.68	11.72	12.82
17		25 years	11.49	11.52	12.54

‡Opening Index 2481.0; 9 am 2488.5; 10 am 2483.5; 11 am 2484.1; Noon 2490.0; 1 pm 2490.4; 2 pm 2489.4; 2.30 pm 2489.9; 3 pm 2487.2; 4.10 pm 2489.1; (a) 12.03pm (b) 8.31am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	81	2	1
Corporations, Dominion and Foreign Bonds	1	0	19
Industrials	280	227	1,010
Financial and Properties	158	69	513
Oils	23	16	51
Plantations	0	1	9
Mines	42	26	93
Others	62	44	55
Totals	[illegible]	385	1,[illegible]

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible] Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. $ Offered to holders of ordinary shares as a "rights". † Introduction. ¶ Placing price. †† Reintroduction. ♦ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

● First Dealings July 8
● Last Dealings July 19
● Last Declarations Oct. 10
● For settlement Oct. 21

For rate indications see end of London Share Service

Calls in Barton, Berry Wehmiller, Cookson, Conroy, Control Sec., Crest Nicholson, Exploration Co., Oliver Res., Real Time Control, Westland warrants and Wilson Bowden. Put in Dares Ests.

LONDON TRADED OPTIONS

Option		CALLS			PUTS		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

July 9 Total Contracts 23,080 Calls 13,668 Puts 9,412 FT-SE Index Calls 3,073 Puts 1,749 Euro FT-SE Calls 706 Puts 75 *Underlying security price. † Long dated [illegible] expiry months. Premiums shown are based on middle prices.

هكذا حسب الأصل

هكذا من الأصل

UK COMPANY NEWS

Sainsbury's talks with US unions become heated

By Nikki Tait in [illegible] York

NEGOTIATIONS between J. Sainsbury, the supermarket group, and employees at Shaw's Supermarkets, its US subsidiary, have become increasingly heated [illegible] the [illegible] sides battle to [illegible] three-year labour contract.

[illegible] Commercial Workers Local [illegible] which represents about one third of Shaw's 15,000 workers, are threatening to [illegible] next [illegible] the British consulate in Bos[illegible] unless [illegible] company [illegible] plans [illegible] change in medical and other benefits.

Although formal [illegible] by union officials have fallen short [illegible] mentioning strike action, [illegible] employ[illegible] that this [illegible] ble if [illegible] solution could not be found. The union is represented in 21 of the 70 New England-based stores.

"Sainsbury's insistance on cutting our [illegible] benefits [illegible] their refusal to install state-of-the-art equipment in [illegible] US [illegible] is exploitative and unacceptable," claimed Mr Jim Schmit, president of the UFCW union branch.

In London, Sainsbury was playing down the dispute yesterday. It maintained that there was no strike threat and was confident that the negotiations would produce a satisfactory agreement by the time the existing three-year [illegible] expired [illegible] July 26.

Talks [illegible] continuing, and [illegible] if [illegible] deal could be reached, mediation would also be an option.

The union's main concerns centre on changes proposed by management to the employee health plan, overtime arrangements and reductions in holiday pay.

Sainsbury, which acquired Shaw's in 1988, cited expansion of the US chain as one of the reasons for its recent rights issue.

Gartmore Scotland raises £49m via placing and offer

By Philip Coggan

GARTMORE Scotland Investment Trust, a split capital investment trust, is raising £49.4m via a placing and offer for subscription on the main market.

The new trust has already raised £32.5m in a placing and the remainder of the shares are being offered to the public. There are three cla[illegible] of shares, all [illegible] which [illegible] be issued at 100p.

The income shares will [illegible] entitled to all the income of the trust and will have an initial gross dividend yield [illegible] per cent. However, they will resemble a temporary annuity in that they will only be repaid at 1p each when the trust is wound up, probably in 2001.

The zero dividend p[illegible]rence shares are expected to be repaid, [illegible] ten years, at 292p each, equivalent to a gross redemption yield of 11.33 per cent.

The capital shares will be repaid after the entitlements of the income and zero preference shares have been met in full.

If the assets of the trust fail to grow over the next 10 years, the capital shares will be worthless; but if they grow at 7.5 per cent a year, the capital shares will have a gross redemption yield of 14.8 per cent.

Up to 9.98m income, [illegible] zero dividend and 8.19m capital shares are on being sold in the offer for subscription. If all the shares are taken up, the maximum number of shares which will be issued is 21m income, 16.55m [illegible] dividend and 12.85m capital shares.

A package unit, comprising different proportions [illegible] the three classes, is [illegible] Applications must be for a minimum of £250 for individual classes of share and £600 for the package.

JLI launches £7.7m rights to fund acquisitions

By Clare Pearson

JLI GROUP, the food processing company, yesterday [illegible] a 1-for-2 rights issue [illegible] raise £7.74m.

The [illegible] also unveiled [illegible] acquisition [illegible] Playtime, a supplier of nuts and popcorn, for up to £3.25m.

The announcements accompanied an advance in pre-tax profits from £2m to £2.32m in the year to end-March on turnover [illegible] 9 per cent from £82.5m [illegible] £90.1m.

A final dividend of 2.87p is recommended making a total of 4.3p (3.9p) for the year. Earnings per share were 8.5p (8.1p).

The rights issue, the company's first since it joined the stock market as Jack L Israel in 1985, is at 87p per share. That [illegible] with yesterday's close [illegible] 102p, [illegible] 8p.

The initial [illegible] consider[illegible] Playtime is £1.3m. [illegible] further £1.95m may be paid, either in cash or a mixture of cash and shares at JLI's option, depending on pre-tax profits [illegible] to [illegible]uary 1992.

Playtime incurred a pre-tax [illegible] (profits of [illegible] on [illegible] of £11.3m in the year [illegible] February 1.

Mr Yoav Gottesman, JLI's chief executive, said the losses were linked to start-up problems with new nut products and new equipment. He expected the company to return to profitability in the current year.

Besides the initial consideration for Playtime, proceeds of the rights issue will go to pay for Langwoods, a Lancashire-based prepared vegetables company.

This was bought earlier this year for an initial £1.3m cash together with debt. Gearing at the balance sheet date was about 30 per cent.

JLI has its roots in [illegible] food distribution but has progressively developed in food processing, notably with the 1989 [illegible] of Sundora, a dried fruit company.

Mr Gottesman said the rights issue would give it the flexibility to carry on pursuing acquisition opportunities.

Attack proves the best form of defence

Robert Peston and **Roland Rudd** report on the phoney war between ICI and Hanson

IN ANY contest against Hanson, [illegible] would surely perform like a traditional British heavyweight – ungainly, leading with [illegible] chin. [illegible] the City's prediction on May 15, when Hanson, Britain's [illegible] corporate raider, announced [illegible] it had bought a [illegible] in the [illegible] and venerable chemical [illegible].

A phoney [illegible] between [illegible] two is reaching the end of its second month, and [illegible] hint from Hanson's camp is that a bid is unlikely for many months.

The reason given is that Lord Hanson, the [illegible] chairman and noted [illegible] supporter, would not want [illegible] offer to be running during [illegible] election campaign. An autumn election remains possible, Hanson believes.

But could there [illegible] reason for Hanson's hesitation? ICI has been fighting a surprisingly aggressive and effective campaign against Hanson, in the hope [illegible] it would [illegible] sufficiently damaged to walk away without bidding.

[illegible] the campaign began, the ratio [illegible] Hanson's [illegible] price to the [illegible] average [illegible] fallen almost 10 per [illegible]. The company [illegible] on the [illegible] but [illegible] – almost for the first time in [illegible] 30-year history.

Much [illegible] is fought through [illegible] banks and public relations companies. Both sides are conspiring [illegible] end the [illegible] in the service [illegible] of [illegible] British [illegible]. They have [illegible] legions of financial [illegible]. Hanson has two merchant banks, Rothschild and Lazard, [illegible] stockbrokers, Cazenove [illegible] Smith [illegible] Court, a political lobbyist, GJW, and three public [illegible] companies, [illegible] Bell, [illegible] and [illegible] Rogerson.

The public [illegible] are gathered together every Friday evening by [illegible] Tim Bell, [illegible] garet Thatcher when [illegible] was prime minister. [illegible] financial advisers meet [illegible] fortnight, under the aegis [illegible] Mr [illegible] Edey, a [illegible] Rothschild. The primary role of both PR consultants [illegible] merchant [illegible] moment [illegible] respond [illegible] attacks.

These are coming thick and fast. ICI's team is working flat out. [illegible] morning its three merchant banks, [illegible]burg, [illegible] and Goldman [illegible] with [illegible] inet, which [illegible] three main board directors – Mr Frank Whiteley, [illegible] deputy chairman, Mr [illegible] Short, the finance director [illegible] Mr Ronnie Hampel, [illegible] is [illegible] charge [illegible] acquisitions [illegible].

They [illegible] joined [illegible] by [illegible] public [illegible] adviser, Bruns[illegible]. Then [illegible] 8.45 [illegible] general managers' meeting. Sir Denys Henderson, the ICI chairman, has special meetings [illegible] about [illegible] times a week.

In [illegible] early [illegible] phoney war, [illegible] won hands down. Lord Hanson had [illegible] his raid [illegible]. It capi[illegible] on the City's disappointment with [illegible] recent financial performance. But against all expectations [illegible] this ostensibly slow-moving com[illegible] ICI has turned [illegible] tables. It [illegible] initiated a [illegible] the quality of Hanson's profits and its style of management – and deflected attention from its own need to [illegible].

Hanson first [illegible] on the defensive when the spotlight was turned on [illegible] payments, hundreds [illegible] millions [illegible] pounds, [illegible] little-known subsidiaries. Assets worth billions had been dropped from one Hanson com[illegible] into [illegible]. This had [illegible] going on [illegible] though [illegible] were never aware of it.

There appeared to be financial manipulation on a huge scale, probably aimed in part at saving tax, though there is no suggestion that Hanson was doing anything wrong.

Hanson has always refused to discuss in detail how it man[illegible] pay a [illegible] well [illegible] that of most other big UK companies. It generates [illegible] of million of pounds in incremental profits from its expertise in [illegible] planning. But the Inland Revenue has become increasingly successful in closing loopholes. Hanson's UK tax bill has been rising steadily, though its worldwide charge remains modest.

There is a dilemma for Hanson's shareholders. They have been forced by ICI to question whether Hanson's tax charge is likely to increase to the UK standard rate, so would like reassurance that its tax-saving schemes are robust. But they also recognise that if Hanson supplies information, it is also giving commercially valuable help to its competitors and probably aiding the Inland Revenue in its attempts to close further loopholes.

The tax issue reminded investors that there are other gaps in their knowledge of how Hanson generates its profits. [illegible] a remarkable record [illegible] pushing [illegible] its [illegible] dividends. And [illegible] an unequalled ability to buy businesses cheaply and sell off many [illegible] parts [illegible] a [illegible] price.

But [illegible] precise workings [illegible] the great machine have never been visible. Investors' support [illegible] been [illegible] principally [illegible] – faith [illegible] two founders, the Lords [illegible] and White.

But they [illegible] now [illegible] and 68 [illegible] old respectively. Though they have said they will [illegible] the helm [illegible] five years, shareholders [illegible] understandably concerned [illegible] what [illegible] happen [illegible] when they [illegible] no longer fit to run it.

So shareholders need more [illegible] how [illegible] – how else can they attempt [illegible] assess [illegible] the [illegible] will [illegible] worth without [illegible] founders?

Anyway, investors' [illegible] towards all companies have changed since Hanson's glory days in the eighties. The big investment institutions [illegible] leading [illegible] campaign to improve corporate governance. They want businesses [illegible] more with them [illegible] appoint non-executives [illegible] the power to protect shareholders' [illegible].

Only [illegible] Hanson's board, Mr [illegible] Price, the former [illegible] London, [illegible] non-executive [illegible] who has [illegible] held [illegible] post in the group. Even the [illegible] on the board [illegible] limited. Strate[illegible] are not [illegible] at quarterly board meetings, [illegible] main purpose [illegible] which [illegible] to review [illegible] group's financial performance. The full [illegible] when Han[illegible] the investment in ICI, [illegible] though it [illegible] ing [illegible] were being bought.

Strategy [illegible] by Lords [illegible] and White, [illegible] the [illegible] not [illegible] director [illegible] the UK [illegible] company. Hanson [illegible] shareholders have [illegible] complained [illegible] Lord White's status. But some [illegible] shareholders now [illegible] privately [illegible] they [illegible] planning [illegible] an explanation when they [illegible] Mr Martin Taylor, Hanson's [illegible] chairman, in one [illegible] their [illegible] with him.

Hanson's explanation of why Lord [illegible] board member is that he runs the US operations. [illegible] that has not prevented other US directors from becoming directors of the parent company. ICI can therefore make easy capital by pointing out that only a public company's directors need disclose their remuneration, service contracts and other financial dealings with [illegible] company. Lord White is not a director so his pay is confidential. His famously lavish lifestyle allows gossip to flourish about his rewards from Hanson.

Institutional shareholders say they were concerned to learn that Hanson had lost £8m on investments it had made in a partnership which owned racehorses. But the damage to Hanson's reputation was not the losses. It was hurt because one of the investors in the partnership was Lord White, who adores horse racing. Hanson appeared to be funding Lord White's hobby – though Hanson said that it would not have made the investment if it had not expected to make a decent return.

The provenance of this story shows more than any other that ICI is getting to Hanson. It became aware that ICI had learned about the horses so, in order to minimise the damage, it [illegible] the information before ICI did.

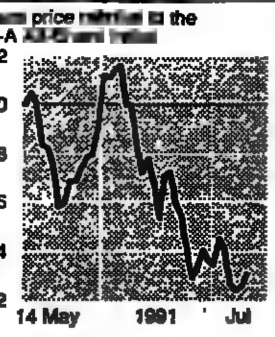
When Hanson took the stake in ICI, the reaction of most analysts was that ICI would be changed beyond recognition, whether or not it eventually faced a formal bid. That is probably right. Less expected, but increasingly likely, is that Hanson too will never be the same again.

[illegible] Humphries

Lord White: his famously lavish lifestyle allows gossip to flourish about his [illegible] from Hanson

Hanson

[illegible] price [illegible] the FT-A [illegible]



Source: Datastream

NEWS DIGEST

Agreed £5.8m bid for Synapse

ECSOFT GROUP, a Scandinavian-based computer service and [illegible] making a recommended £5.8m bid for Synapse Computer to expand [illegible] consultancy and software operations in the UK.

The offer is 105p [illegible] share. Ecsoft has received undertakings to accept the [illegible] in respect of 2.79m shares, 50.2 per cent of the issued share capital.

Purchasing Synapse represents the next step in Ecsoft's plan to form a pan-European software and services group providing products for developing and maintaining computer systems.

Sy[illegible] will form the UK arm of this network of companies.

Real Time Control climbs [illegible] £1.2m

Real Time Control, which designs and sells electronic [illegible] equipment from its Watford base, yesterday [illegible] with record turnover and profits.

On sales ahead 77 per cent to £7.57m (£4.28m), profits for the year to end-March emerged at [illegible] loss [illegible] in the previous 12 months.

The outcome was buoyed by investment income of £479,000 (£242,000).

Earnings per share leapt from 0.5p to 10.9p and the proposed dividend for the year goes up to 3p (1p).

Realised surplus boosts Bexbuild

Bexbuild Developments, the [illegible] property investor, lifted taxable profits from £279,170 to £621,989 over the 12 months to March 31.

The outcome partly reflected a realised surplus of £468,590 from the sale of investment properties and was struck after an exceptional charge of £86,251 relating to a write-down of trading stock.

Mr Philip Shapiro, chairman of the USM-quoted group, said that the high level of borrowing costs and the recession reduced confidence of potential and existing tenants. Opportunities to create dealing profits "were few and far between" he added.

Following [illegible] Hughes Group from [illegible] Estates in April, net borrow[illegible] 47 [illegible] the [illegible] of the group's [illegible]ties.

Earnings per share improved to 8.6p (5.4p) and the proposed final [illegible] raised [illegible] 2.25p to 2.5p.

Daejan declines to £16.4m

Daejan Holdings, the [illegible] group, reported [illegible] profits [illegible] £16.4m [illegible] the [illegible] March [illegible] 1991.

The outcome – down from £19.4m – reflected falling property values [illegible] sharply [illegible] charges.

Earnings [illegible] emerged [illegible] 62.21p, [illegible] time, [illegible] final [illegible] is [illegible] 1p [illegible] 16p making 24p [illegible] for the [illegible]

Adverse currency movements hit Low & Bonar

By David Owen

ADVERSE currency fluctuations [illegible] increased [illegible] costs have resulted in an 8 per cent decline to £11.3m in Low & Bonar's interim profits.

Turnover for the six months [illegible] the Dundee-based packaging and plastics company fell by nearly 6 per cent to £152.2m (£161.3m). The comparable pre-tax figure was £12.3m.

The shares, which climbed strongly in the four months to [illegible] April, [illegible] ahead [illegible] 240p.

Mr Roland Jarvis, chief executive, said that the adverse [illegible] amounted [illegible] approximately £500,000, while [illegible] to £1.1m (£766,000).

Despite this, gearing [illegible] "below 20 per cent". The group, which has noted "the beginnings of some improvement in our [illegible] books," expects expenditure on new equipment to dip slightly from 1989/90 levels to just below £20m in the current year.

By product area, packaging was the biggest profit contributor at £7.64m (£8.22m) on turnover of £99.7m (£102.3m), followed by specialist materials at £3.2m (£2.94m) on turnover of £29.9m (£31.8m).

Profits from plastics slipped to just £1.6m (£1.97m) on turnover of £23.8m (£28.9m). There was a sharp decline in sales from the group's lossmaking UK plastics activities, stemming principally from last year's sale of its Plastic Products import marketing and distribution arm.

Geographically, the company derived 42 per cent of its sales [illegible] more than 44 per [illegible] profits from the UK. Europe weighed in with a further 24 per cent of sales and 30 per cent of profits, while Canada accounted for about 25 per cent of both turnover and profits.

The group said it was considering other opportunities with Constantia Group, the Austrian concern with which it established a flexible packaging joint venture [illegible] last [illegible].

Earnings per [illegible] fell almost 9 [illegible] cent [illegible] 8.8p (9.66p), reflecting a marginally higher tax charge. The interim dividend [illegible] maintained at 2.7p.

COMMENT

[illegible] pretty much in line with expectations and confirmed the group's resilience in the face of recession. What the jury is still out on is its ability to generate growth when the recovery comes. With [illegible] per share in the current year now forecast to be a mere 10 per cent above the 1986 level, prospective investors are entitled to take some convincing in that regard. In the current year, analysts expect more favourable recent currency developments to help the company to profits of £25m, putting the shares on a multiple of nearly 12.6. This does not look particularly attractive – although those who loaded up in January at about 160p must have been feeling very pleased with themselves. Worth watching too is the presence of Tomkins on the shareholders' roster with a 4.7 per cent stake.

£100m sales programme completed at ECC

By Andrew Taylor and Graham Deller

ECC GROUP, the world's largest supplier of china clay, yesterday announced two disposals completing a £100m sales programme.

The programme to reduce debts by selling non-core activities was undertaken following the group's [illegible] (£176m) purchase in December of [illegible]gia Kaolin, the US china clays producer.

ECC said yesterday that it had agreed to sell Southern Clay Products, a US-based manufacturer of organophilic clays for $30m (£18.4m) to Laporte, the Luton-based speciality chemicals company.

Organophilic clays are used as thickeners in the paint and ink markets, in oil well drilling and the detergent and cosmetic industries.

The purchase includes a separate and unrelated ceramic and ball clay business which Laporte intends to sell.

Southern Clay's sales in 1990 amounted to $25.5m and profits of $2.4m were forecast for the current year. Net assets amounted to $18.9m. The deal is subject to US Regulatory approval.

ECC also announced the separate sale for Pta609.4m (£3.3m) of Caosil and certain assets of Compania Espanola de Caolines to Explotaciones Ceramicas Espanolas. The two companies produce and sell kaolin products in Spain.

ECC's net debt at the end of last year was £246m, equivalent to 35 per cent of shareholders funds. Gearing, however, would increase to about 90 per cent if $400m of US pref[illegible] share capital [illegible] included as debt.

Industry regulator lands BAA with a problem

Paul Betts and Robert Rice on the Civil Aviation Authority's tough proposals

SIR John Egan, [illegible] chief executive, appeared surprisingly relaxed yesterday in spite of the Civil Aviation Authority's unexpectedly tough proposals to limit the rise in future charges [illegible] his company's three London airports to eight percentage points below inflation.

The new five-year pricing formula proposed by the industry's regulator was far worse than [illegible] had expected. But [illegible] clearly [illegible] it still has a few trump cards to play to help it secure more favourable terms when the CAA finally fixes the new pricing formula in October.

By warning that BAA would now be forced to review its future investment programmes, including the construction of a badly-needed new terminal at Heathrow [illegible] £1bn and the [illegible] rail link between the airport and central London, Sir John has posed a dilemma for the CAA.

The authority knows as the industry's regulator [illegible] must ensure not only fair treatment for consumers and the industry at large but also that necessary investments are made to meet the expected growth in air travel demand in the London area. Some hard bargaining lies ahead.

The tough approach adopted by the CAA is very much in line with that of the other regulators of the newly-privatised industries, however.

All of them were privatised as highly profitable monopolies. No attempt was made to follow a more ambitious policy of breaking up BT or British Gas or even BAA into smaller competitive units. Regulation was substituted for competition. The imposition of tough pricing controls was designed to ensure that if the companies were to maintain profitability they could only do so by improving efficiency and reducing costs.

But the regulators also appear to be trying to some extent to redress the balance for the over-generous privatisation terms which appear to have resulted in all the privatised companies reaping profits in excess of those forecast at the time of privatisation.

BAA is no exception. The Monopolies and Mergers Commission report on the three London airports notes that their profitability appears to have generally risen by more than expected at the time of privatisation. Operating profit at Heathrow in 1990-91 is expected to be £75m higher than forecast and at Gatwick £37m higher. At Stansted, however losses have been consistently worse than forecast.

The MMC attributes this mainly to the rapid expansion of traffic since 1986-87 which has led to greater income from airport charges and commercial activities. On the other hand it notes that BAA has not charged the full amount allowable under the existing pricing formula, and has had to bear the additional costs of meeting more stringent airport security regulations.

The Commission therefore concluded that a fair rate of return for BAA over the next five years would be the industry average of 8 per cent which could be [illegible] by requiring revenue per passenger from airport charges at Heathrow, Gatwick and Stansted, and for the three airports as a whole, to increase by no more than RPI less four percentage points.

Trevor Humphries

Clifford Paice, a CAA director (left) and Sir John Egan, BAA's chief executive

The CAA however, clearly thought this over-generous. For a company enjoying such a dominant position in the market and a below average level of risk, 7 per cent was a more-than-reasonable rate of return.

For this reason it recommended the RPI minus eight percentage points pricing formula. Mr Clifford Paice, a CAA director, insisted yesterday however, that the 7 per cent return reflected only the lower risk of the enterprise and was not meant in any way as a judgment on the past.

Although whether the RPI minus eight formula is eventually adopted is still open to doubt. BAA is not alone in complaining that in attempting to redress the balance for over-generous privatisation terms by the imposition of tough pricing formulae the regulators are risking future viability and investment.

BAA knows it has a strong negotiating hand, however. Sir John emphasised yesterday that it could not proceed with its Heathrow terminal five project as planned [illegible] current CAA proposals. Apart from the tougher-than-expected limit on airport charges, the CAA has also decided not to accept a MMC proposal to adjust the formula to take into account the £1bn terminal five investment.

This would have eased the pricing formula to minus one per centage point below inflation for the three London airports and to plus one percentage point above inflation for Heathrow when work on the terminal starts in three years' time.

Although the CAA said it would ensure that BAA would not be deterred from going ahead with terminal five, it preferred to adopt a "wait and see" attitude and not commit itself at this stage to any adjustments to the pricing formula. But Sir John argued this did not recognise "the real world". Before BAA commits itself to such a huge programme, the company wanted some guarantees on future revenue streams, he said.

Where negotiation fails the traditional way around such a tough pricing formula in the past has been for the company, concerned to increase prices in non-regulated areas of the business in order to compensate. British Telecom for example was able until recently to make up for price capping of its domestic services on its lucrative international services. British Gas has recently accused OFGAS of trying to stick its nose into the non-regulated area of industrial gas.

The MMC is alive to such a risk in BAA's case. It is concerned that BAA might attempt to compensate for reduced revenues from airport charges through increases in non-airport charges – such as baggage systems, check-in desks, staff car parking and maintenance and utility services. The revenue from these items at the three airports last year was about £50m.

It [illegible] evidence of any abuse of BAA's dominant position in respect of these services over the past 12 months but warned that the lack of transparency on the costings of these services might be expected to operate against the public interest.

The absence of adequate information put BAA in a strong position to charge what it wanted for such activities, the Commission said. A condition is therefore to be imposed on the three airports requiring each of them to provide the CAA with detailed annual costings on which non-airport charges are based.

Ultimately though, the pricing formula has emerged as a flawed mechanism to regulate an over-generously privatised monopoly like BAA. The MMC report acknowledges this when it suggests that the time may come when the structure of BAA's London airports "could be usefully reconsidered in order whole or in part to substitute a degree of competition for the present system of regulation."

Lancer Boss aims for top ten with 60% Hyco stake

By Andrew Baxter

LANCER BOSS Group, Britain's largest independent lift truck maker, yesterday announced a further expansion of its European manufacturing base with the purchase of a 60 per cent stake in Hyco of Italy.

The takeover, for an undisclosed sum, continues a gradual trend of concentration in Europe's lift truck industry. It may also help Boss achieve its ambition of breaking into [illegible] world's top 10 lift truck makers by next year – it currently lies 13th.

Hyco is one of the world's leading manufacturers of reach stackers, used typically in ports and rail terminals where low headroom restricts the use of ordinary lift trucks, or where there is need to stack below ground level.

The deal gives Boss a reach stacker range for the first time, filling a "worrying" gap in its lift truck range, said Sir Neville Bowman-Shaw, chairman. Boss agreed to take control of Hyco after talks at this year's Hanover Fair. Dr T Bonato, son of the Hyco founder, will join the Boss [illegible] and will remain as chief executive of the Italian com[illegible], which is [illegible] be renamed Hyco Boss. The Bonato family will retain a 40 per cent stake.

Sir [illegible] said Boss was attracted to Hyco because its products were positioned at the top end of the market, and were sold predominantly outside Italy. In particular, Hyco dominates the reach stacker market in Germany, which is the focus of considerable activity by lift truck and other equipment producers because of reunification.

Hyco Boss will continue [illegible] stacker production from its factory near Milan, but will also supply parts for other Boss factories. Boss is based at Leighton Buzzard, but expanded into Germany in 1983 and Spain in 1987.

Production of Hyco's rough terrain cranes will be continued, but not expanded, as Boss does not intend to compete with German and US producers.

In spite of the recession in the UK, Sir Neville said Boss would show improved profits for the current year. The group, which has turnover of more than £200m, is privately owned, and [illegible] founded by Sir Neville in 1957.

Colefax and Fowler profit stripped by 70% to £1.2m

By Richard Gourlay

COLEFAX AND Fowler Group, the wallpaper, furnishing and fabric company, yesterday reported taxable profits down 70 per [illegible] from £4.01m to £1.18m in the year to end-April on sales virtually unchanged at £30.2m.

Mr David Green, chief executive, said the expected autumn uplift had failed [illegible] materialise.

Profitability would only return once second and third time house buyers regained confidence and people [illegible] worrying about their jobs, he said.

[illegible] the US, where Colefax makes 50 per cent of its profits, sales were hit by the economic downturn from last August and only started to pick up after the year-end.

In the UK, retail sales were down 11 per cent and showing no sign of improvement, while in continental Europe turnover expanded 44 per cent.

Gearing was up from 30 per cent to 34 per cent and the interest charge was marginally down at £549,000.

Mr Green said the company was also adversely affected by the weakness of the dollar which hit margins because most stock sold in the US was imported from Europe.

The final dividend is cut from 2.4p to 1.3p, giving a total for the year of [illegible], down 1.1p. Earnings per share fell from 13.4p to 4.7p.

Bucknall issue to raise £2.4m

Bucknall Group, the USM-quoted quantity surveyor which has been hit by the downturn in the construction industry, is to issue 3.8m new ordinary shares in a placing and open offer to raise £2.4m.

The money will initially be used to reduce bank borrowings, which have increased to £2.8m as a result of reduced profitability and pressures on cash flow.

It will also allow "greater flexibility in funding future development plans", helping Bucknall expand away from its recession-hit core UK business.

The company is proposing to acquire Day and Grigg, a German cost control business, and [illegible] also applied to [illegible] its [illegible] traded on [illegible] main market.

On Monday Bucknall reported pre-tax profits down from £1.55m to £1.23m for the year to April 30, on static turnover of £20.8m.

Bogod rises 53%

Taxable profits [illegible] Bogod Group improved by 53 per cent to £242,000, against £158,000, over the year to March 31 1991. Turnover fell from £6.85 to £6.01m.

Earnings per share worked through at 3.03p (1.51p). Proposed dividends per ordinary and [illegible] ordinary shares [illegible] maintained at 0.22p and 0.44p for totals of 0.32p and 0.64p.

Southern Newpapers advises no action on bid

By Maggie Urry

SOUTHERN NEWSPAPERS yesterday advised shareholders to take no action following last [illegible] announcement from Trinity International Holdings that it might make an offer for the company.

The offer depends on the Secretary of State for Trade and Industry approving the deal under [illegible] governing newspaper ownership in the UK.

Investors in Southern, which publishes papers in the [illegible]th-west of England, have received letters from Trinity, which owns Liverpool's Daily Post [illegible] Echo papers, [illegible]ing its possible bid and offering to buy shares through UBS Phillips [illegible] Drew at [illegible] apiece, [illegible] group at £46.7m.

UBS has already had some enquiries from Southern shareholders.

The group told shareholders yesterday "to take no action in respect [illegible] unwelcome, [illegible] and opportunistic approach". It [illegible] advised [illegible] not [illegible] sell.

It said it could not comment on the potential bid until terms were announced.

Trinity said last week it would not specify terms until after government clearance for the bid [illegible] received, which could [illegible] to three months as the Monopolies and [illegible] Commission [illegible] investigate it.

[illegible] shares are [illegible] on a matched bargain [illegible] under Rule 535 (2) and Trinity asserts that Southern shareholders have had difficulty in selling [illegible].

Trinity [illegible] by Baring Brothers and Southern by Kleinwort Benson.

See Lex

US anti-trust challenge for Thermo in Tace bid

By Richard Gourlay

THERMO ELECTRON, the [illegible] environmental group, is about to face a US anti-trust challenge to its recommended [illegible] bid for [illegible], the UK environmental equipment control business.

The challenge comes from Stac, the Arkansas-based buy-out team led by top managers of [illegible] of Tace's US subsidiaries. It bid 252p per share for Tace shares some [illegible] minutes [illegible] 255p on July 2.

[illegible] advisers, Hambro Magan, [illegible] yesterday [illegible] venture was planning either to alert the US Justice Department that the [illegible] merger would lead to development of an anti-competitive position or to [illegible] injunction against the proposed merger.

Thermo is expected shortly to make a routine Hart-Scott-Rodino [illegible] filing with the US Federal Trade Commission and [illegible] Department which together decide on anti-trust issues.

Mr Keith Hamer, managing director of [illegible] Commercial de [illegible] Thermo, said the [illegible]sachusetts [illegible] was confident it did not have a problem with [illegible] laws.

Thermo made gaseous emission testing equipment whereas Tace made particul[illegible] emissions monitors, he said.

[illegible] Murray Orr, [illegible] Hambro Magan, said Thermo and Tace would together have over 50 [illegible] cent of [illegible] sections [illegible] the air pollution instrumentation market.

Thermo yesterday [illegible] Tace shareholders its formal offer document.

Cambridge [illegible] considering [illegible] increase its [illegible] which [illegible] a cash alternative [illegible]. [illegible] offer [illegible] on the table.

DIVIDENDS ANNOUNCED

	[illegible]	[illegible] of [illegible]	[illegible]	Total [illegible]	[illegible] year
[illegible] § ....fin	[illegible]	-	[illegible]	2.5	[illegible]
Bogod ....fin	0.22	Sept 26	[illegible]	0.32	[illegible]
[illegible] ....fin	[illegible]	Sept 26	[illegible]	[illegible]	[illegible]
[illegible] & Fowler ....fin	1.3†	Oct 1	[illegible]	2.6	3.7
Daejan ....fin	[illegible]	Sept 4	15	24	23
Howden ....fin	nil	-	3.56	1.59	5.15
[illegible] ....fin	2.87	Sept 5	2.6	4.3	3.9
Low & Bonar ....int	[illegible]	[illegible]	[illegible]	-	8.1
Real Time § ....fin	3	Oct 4	1	3	1

[illegible] net [illegible]
*Equivalent [illegible] allowing for scrip issue. [illegible] capital [illegible] by rights and/or acquisition issues. §USM stock.

BOARD MEETINGS

The following [illegible] have notified dates of board [illegible] to the Stock Exchange. [illegible] meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

[illegible]

Interims- GWD Securities, Cardiff Property, Cityvision, Leslie Wise, M & G Dual Trust, Toray Hire.

Finals- Alan Paul, Dixons, Harris (Philip), Manweb, South Wales Electricity, Stewart & Wight, Tops Estates, Total Systems, Wyko.

FUTURE DATES

Interims-

Clarke Foods	[illegible] 11
Greggs	July 29
Manchester Ship Canal	Aug. [illegible]
St Modwen Props	[illegible]
Spirax Sarco Eng	[illegible]
Yorkshire Chemicals	July 31

Finals-

Adwest	[illegible]
Brierley Invs	[illegible]
CRT	[illegible]
Cabra Estates	July 11
Dalepak Foods	July 15
Goode Durrant	July 18
Grahame Rinsoul Inv	July 18
Jones Stroud	July 18
Matthews Elects	July 16
Triplex Lloyd	July 16

[illegible] for electricity determined for the [illegible] of the electricity pooling and settlement arrangements in England and Wales.

[illegible] period ending	[illegible] Prices for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	15.87	18.27	18.27
0100	15.87	18.24	18.24
0130	15.87	18.24	[illegible]
0200	[illegible]	[illegible]	[illegible]
0230	[illegible]	[illegible]	18.24
0300	[illegible]	[illegible]	18.24
0330	[illegible]	[illegible]	18.24
0400	15.87	18.24	[illegible]
0430	[illegible]	[illegible]	[illegible]
0500	15.87	18.24	18.24
0530	15.92	[illegible]	16.19
0600	15.92	[illegible]	16.19
0630	15.92	16.92	16.92
0700	16.24	18.47	20.80
0730	18.04	19.66	22.62
0800	19.17	20.53	23.10
0830	20.96	22.65	25.47
0900	20.99	24.20	27.35
0930	21.[illegible]	25.41	28.83
1000	21.[illegible]	28.49	30.15
1030	21[illegible]	28.47	32.97
1100	21[illegible]	30.14	34.39
1130	21.[illegible]	33.06	38.10
1200	21.[illegible]	[illegible].44	38.41
1230	21.[illegible]	[illegible].40	35.60
1300	21.[illegible]	[illegible]	30.56
1330	21[illegible]	[illegible]	23.42
1400	[illegible]	[illegible]	22.05
1430	[illegible]	[illegible]	21.67
1500	[illegible]	[illegible]	24.11
1530	20.96	[illegible]	24.07
1600	[illegible]	[illegible]	25.00
1630	[illegible]	[illegible]	28.38
1700	[illegible]	[illegible]	[illegible]
1730	[illegible]	[illegible]	[illegible]
1800	21.16	21.71	24.24
1830	21.12	20.12	22.47
1900	18.17	20.02	22.43
1930	[illegible]	[illegible]	22.43
2000	[illegible]	[illegible]	[illegible]
2030	[illegible]	21[illegible]	[illegible]
2100	18.35	21.00	23.38
2130	18.44	[illegible]	23.38
2200	20.79	[illegible]	23.38
2230	20.79	21.00	21.00
2300	20.79	20.98	20.98
2330	26.00	17.31	17.31
2400	26.00	16.92	16.92

Prices are determined for every half-hour in [illegible] The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final [illegible] are determined approximately [illegible] days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

هكذا من الأصل

COMMODITIES AND AGRICULTURE

EC Commission presents farm policy reform plan

By David Buchan in Brussels

THE TOTAL EC farm budget will rise to Ecu38.8bn (£27bn) by 1997 – 10 [redacted] cent [redacted] next year's estimated spending – under a plan, announced [redacted] the European Commission [redacted] to compensate Europe's farmers directly for big cuts in price support.

This general [redacted] in farm spending is to compensate farmers, particularly those with small [redacted] medium size holdings, for major proposed reductions in price – 35 per cent for cereals, 15 per cent for beef and butter, and 10 per cent for milk.

The commission said the overall package was designed "to help redress the problems of declining farm income, unstable markets, build up of surplus food stocks, increasing budgetary costs and damage to [redacted] environment caused by [redacted] production".

The long-awaited reform is seen [redacted] essential [redacted] breaking [redacted] with [redacted] in [redacted] Gatt [redacted] talks. The US [redacted] many other agricultural exporting countries have [redacted] Brussels [redacted] its price supports and export sub[redacted] that lead to over-production and EC surpluses being dumped on the world market.

The proposed reforms, to be discussed shortly by EC ministers, would take effect from 1993.

They would reduce [redacted] cereals support price by 35 per [redacted] a tonne, with [redacted] growers being fully compen[redacted] by [redacted] of the EC budget.

[redacted] for beef [redacted] be cut by [redacted] per cent, but two thirds [redacted] this would be offset by [redacted] prices for cattle feed, the Commission est[redacted].

[redacted] supply control [redacted] quotas would be cut by [redacted] per cent, again with full compensation [redacted]. To benefit from compensatory payments, [redacted] would [redacted] take 15 per cent [redacted] their land out of production. [redacted] measures [redacted]. Arable [redacted] with [redacted] 20 hectares would be exempt from [redacted] requirements, while dairy farmers producing [redacted] would [redacted] have their [redacted] cut.

The preference towards smaller farmers has already [redacted] criticised by the UK and [redacted] Netherlands, which have a large number [redacted] relatively large or efficient farms.

China uncovers rich gold deposits

CHINA, IN its drive to [redacted] up mineral prospecting in [redacted] regions has [redacted] large [redacted] of gold as well as nickel, lead, zinc and [redacted] metals, the official New [redacted] News Agency said, reports [redacted] from Beijing.

The [redacted] quoted Lin Qingchang, head [redacted] the prospecting project, [redacted] newly-found gold deposits in Shaanxi, Gansu, Qinghai, Xinjiang and Ningxia had [redacted]passed total [redacted]ered [redacted] previous 35 years.

China's actual gold output is a state secret. But [redacted] have [redacted] being rapidly [redacted], partly [redacted] help the government to pay off loans and improve its [redacted] rating.

[redacted] target [redacted] gold production in 1990 was 6.8 per cent, but some reports said real output [redacted] much as 20 per cent. The official figure [redacted] gold [redacted] – 12.67m troy ounces – has remained unchanged [redacted].

The [redacted] China News Agency did [redacted] when [redacted] gold reserves might [redacted] tapped.

[redacted] from gold, the prospecting [redacted] found [redacted] large [redacted] of copper, three [redacted] nickel and a lead-zinc [redacted] amounting [redacted] 12m tonnes, the agency said.

LME WAREHOUSE STOCKS
(As at Monday's close)

[redacted]		
Aluminium	[redacted]	to [redacted]
Copper	[redacted]	to 283,525
Lead	[redacted]	[redacted]
Nickel	[redacted]	[redacted]
Zinc	[redacted]	to [redacted]
Tin	−255	to [redacted]

Colombia's timely oil discovery

The BP find could be the country's biggest, writes Sarita Kendall

THE "SIGNIFICANT oil discovery" announced yesterday by British Petroleum and the Colombian [redacted] oil company, Ecopetrol, could not have come at [redacted] better time for Colombia's energy sector. Exploratory drillings had slackened in the past two years, reserves were falling and it looked as if oil exports would have dropped to [redacted] near dribble in the [redacted].

Although BP [redacted] specifying the volume [redacted] oil and [redacted] at [redacted] the [redacted] Cusiana field, about 100 miles north-east [redacted] Bogota, is being compared favourably [redacted] Occidental's 1983-84 discovery [redacted] Cano Limon, [redacted] producing about [redacted] barrels [redacted] day. "Cusiana [redacted] a very complex [redacted] and [redacted] policy will have to dictate how it should be developed," said Mr Nick De'ath, BP's [redacted] in Bogota. "It's [redacted] enough [redacted] make [redacted] impact in [redacted]."

Two of [redacted] three oil and gas-bearing [redacted] at [redacted] been [redacted] Guadalupe gave [redacted] oil [redacted] b/d and 3.3m cubic [redacted], while [redacted] 1,640 b/d [redacted] 11.5m cu [redacted] problems [redacted] delayed [redacted] on the Mirador formation. The crude [redacted] light.

Cusiana [redacted] in [redacted] foothills [redacted] mountains, [redacted] forested slopes give [redacted] to [redacted] plains, [redacted] Llanos, [redacted] by hundreds [redacted] streams flowing to the Orinoco river and the Atlantic.

Yopal, the nearest town, is linked by road to the highlands and Villavicencio. An agricultural centre which has already benefitted from all the exploration activity, Yopal appears to be in for a boom period.

Other companies working in the Llanos have chosen acreage in the plains rather than the difficult, much-contorted foothills. Lasmo, Elf Aquitaine and Ecopetrol have all discovered smallish oil fields in recent years; Cusiana is very close to the junction in the central Llanos pipeline, which carries crude from these fields over the Andes to the Middle Magdalena valley. Previous drilling in the hills did not go as deep, nor were the tests as rigorous and it has been a long expensive job for BP, fraught with technical prob[redacted].

The development timetable and strategy for Cusiana [redacted] discussion – BP and [redacted] a [redacted] per [redacted] in the association con[redacted] it now [redacted] Tri[redacted] per [redacted]. Once development plans [redacted] accepted [redacted] Colombian [redacted] company [redacted] a partner production and [redacted] will be divided equally between Ecopetrol and the foreign companies. Ecopetrol also receives a 20 per cent royalty and reimburses half of the investment in exploration.

The field poses special problems because of the large quantity of gas: Colombia not only has a very small domestic market but pays for associated gas at half the normal rate. However, the government plans to encourage gas consumption, as an alternative to costly new electricity projects, and a gas pipeline from Ecopetrol's Apiay plant in the Llanos now feeds 30,000 homes in Villavicencio and southern Bogota.

If development goes ahead rapidly Cusiana could start producing on a small scale within two years. But the gas would have to be re-injected until the construction of a gas pipeline became commercially viable. Initial crude production could be fed through an upgraded central Llanos line, with [redacted] possibility [redacted] a [redacted] line once output reached [redacted] peak. All this will depend on policy, the availability of development funds and decisions about how the field itself should be managed, according to Mr De'ath.

BP is drilling an appraisal well at Buenos Aires, south of Cusiana, and if this is successful will continue with another further south. Buenos Aires has taken nearly a year to drill: "It's like granite", commented an engineer at the site.

The drainage system, the plastic-lined tanks and mud treatment earned approval from Mr Andres Restrepo, the president of Ecopetrol, when he visited the rig: "You don't see many looking [redacted] this," he said.

Ecopetrol has had [redacted] spend an enormous [redacted] on environmental clean-ups as a result of guerrilla damage to oil installations. Over the last five years, there have been some 150 dynamite attacks on the pipeline that carries Cano Limon crude to the export terminal at Covenas. Construction work on another pipeline from the Middle Magdalena to Covenas had to be stopped earlier this year when vehicles and equipment were destroyed.

Despite recent peace talks in Caracas with the Colombian authorities, the ELN and FARC guerrillas continue to bomb and to kidnap. Foreign companies and Ecopetrol have been targeted in the campaign to prevent oil exports and push out the multi-nationals. The first Cusiana well was badly damaged by the ELN in 1988 and barbed wire and guardhouses are a constant reminder of the threat.

The extra security costs are considerable, both in the sense of physical protection and [redacted] the provision of public works, health, [redacted] and training programmes for the surround[redacted] population. BP, for example, provides [redacted] medical [redacted] and boosts jobs in the [redacted] by using local catering firms.

Yet foreign companies still rate [redacted] as profitable enough [redacted] justify investment: 24 [redacted] contracts [redacted] signed in 1990 and several more in [redacted] first half [redacted] 1991. [redacted] has just [redacted] a block north [redacted] BP's acreage and the [redacted] find will [redacted]edly [redacted] further interest.

[redacted] oil production [redacted] running [redacted] b/d but is often reduced by guerrilla activity. The 67m barrels of crude and fuel oil exported last year brought in some US$1.8bn. Allowing for petrol imports, net oil earnings reached $1bn. Although foreign companies invested $103m during 1990, [redacted] exploratory wells were [redacted] and only 17m [redacted] discovered. Oil reserves had dropped to about 2bn barrels by the end of the year.

With a new refinery due to be built in the Middle Magdalena, local refining capacity should be close to 350,000 b/d in the second half of the 1990s. Cano Limon will be well past its peak by then and Ecopetrol was facing the prospect of leaner times. "This assures self-sufficiency and moderate exports until the end of the century," said Mr Restrepo. "Beyond that depends on the size of the field." Once the full extent of reserves are known, the Cusiana discovery could even turn out to be Colombia's biggest yet.

Peanut processors' dubious victory

By Nancy Dunne in Washington

PRESIDENT GEORGE Bush has given [redacted] users [redacted] victory of dubious worth [redacted] agreeing to raise the US import quota from 1.7m lb to 100m [redacted].

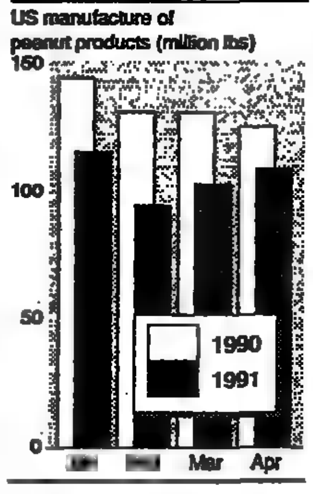
Manufacturers and peanut groups had requested a 400m-lb increase in the quota last October after it became clear that the 1990 peanut crop had [redacted] severely damaged by drought and was riddled with aflatoxin. In March the International [redacted] Commission, which [redacted] President, advo[redacted] a 300m-lb increase in March.

That [redacted] off [redacted] lobbying by American farmers and their representatives in the Congres[redacted]. Other issues [redacted] more significan[redacted] – [redacted] messy end to the Gulf and Cold [redacted], a possibly end of the US recession – and [redacted] House failed to [redacted].

When the president finally [redacted] his [redacted] week, [redacted] seemed [redacted] typically Bushian manoeuvre – to split [redacted] difference, however unevenly, giving manufacturers and consumer [redacted] additional peanuts but not [redacted] much as they requested it. [redacted] was, however, [redacted] hitch. [redacted] additional peanuts have [redacted] be imported by the end of this [redacted].

Peanuts

US manufacture of peanut products (million lbs)



Peanut brokers yesterday were scurrying for supplies. They [redacted] foreign peanuts had been brought into the country [redacted] in bonded warehouses in anticipation [redacted] favourable [redacted] had been given up [redacted] again [redacted] president finally announced his decision.

Mr [redacted] Fisher, [redacted] attorney who represented the peanut butter manufacturers and consumer groups in their petition to increase the quota, said peanuts had been loaded on boats in Argentina in advance of the decision. The shipment would take 28 days and no one knows if the Argentine sellers will bother to try to meet the July 31 deadline, [redacted] said.

Mr Jim Mack of [redacted] Butter [redacted] Nut Processors Association said [redacted] Argentine peanuts could not get to the US on time. The US agriculture department should have acted "responsibly," he said, and responded to the users request last October for action by the Agriculture Secretary.

That would have prevented the "gouging" of US consumers, he said. The peanut shortage this year was so acute that prices have doubled. In shell peanut prices rose from $631 to $1,230 a tonne.

Mr James Balbach, a peanut importer, yesterday said some peanuts – produced probably in China – had been located in Canada. Brokers are also scouring the markets of Europe for extra supplies.

Aluminium price forecasts tumble despite output cuts

[redacted] Kenneth Gooding, Mining Correspondent

ALUMINIUM PRICE [redacted] are being savagely reduced [redacted] analysts and some are warning that the medium-term outlook for the metal has also dimmed.

Early this year the consensus was that aluminium prices in 1991 would average between 80 and 90 US cents a lb. Forecasts are now being cut by about a quarter because producers have continued to work at close to capacity in spite of falling demand.

Mr Nick Moore, analyst at Ord Minnett, part of the Westpac banking group, led the way by cutting his forecast to 63 cents, which he admits "is a far cry from the 85 cents which I fervently believe could have been possible if producer restraint had been exercised".

Since then the Metals & Minerals Research Services consultancy group in its quarterly review has also cut its forecast [redacted] 63 cents [redacted] lb.

Recent Production Cut Announcements

Company	Smelter	[redacted] (tonnes [redacted])	Estimated 1991 [redacted] (tonnes)	[redacted] full year
Alumix	P Marghera	30,000	16,000	30,000
[redacted]	[redacted]	[redacted]	28,000	[redacted]
[redacted] Metall	[redacted]	83,000	15,000	83,000
Malco	Mettur	25,000	12,000	25,000
Alusuisse	Rheinfelden	40,000	10,000	[redacted]
Total			[redacted]	[redacted]

[redacted] Metals (£)

Meanwhile, Billiton-En[redacted] Metals, part of the Royal Dutch/Shell group, in an update to its aluminium review [redacted] reduced [redacted] forecast from $1 a lb to [redacted]. Billiton suggests that, although some smelter closures and temporary [redacted] been announced, [redacted] will have little impact on [redacted] market balance during the third quar[redacted] of [redacted] time when new capacity will [redacted] output.

"Following a [redacted] period of depressed prices, more production [redacted] will [redacted] and, more importantly, implemented during the remainder of the current year," Billiton adds.

Mr Jon Bergtheil, analyst at the James Capel financial services group, points out in the weekly International Mining Review that the cuts announced so far amount to 1.3 per cent of western world capacity and are therefore quite significant. If Alumix in Italy closes three of its four smelters, which is being considered, this would take the affected annual capacity to 2 per cent or 300,000 tonnes.

But he also suggests that the recovery in aluminium prices will be held back in the longer term by planned capacity increases. Recently-announced additions include a new smelter in Nigeria (180,000 tonnes from 1994); two in Venezuela with a combined annual output of 454,000 tonnes and a "massive", 430,000 tonnes smelter planned by Alusaf in South Africa.

Mr Bergtheil says that, if the average growth in aluminium consumption in the 1980s was repeated in the 1990s, it would require an extra 450,000 tonnes a year. "In one fell swoop, therefore, Alusaf has taken care of one full year of consumption growth, ensuring that the aluminium market will not experience any severe shortages in the 1990s.

"By the time that demand has picked up [redacted] such an extent that the recent 400,000 tonnes build-up in stocks has been cleared, the expansions in the Gulf, Nigeria and South Africa will begin to kick in," says Mr Bergtheil. "Under these conditions, the high of $1.50 a lb experienced in the 1980s is unlikely to be experienced in the 1990s and the producers would be fortunate to experience an annual average higher than 90 cents in any one year during the 1990s."

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, [redacted] per tonne, in wareho[redacted] 1,620-1,650 (same).

BISMUTH: European [redacted] market, min. [redacted] per cent, [redacted] per lb, tonne lots in warehouse, 2.90-3.20 ([redacted]).

CADMIUM: European [redacted] market, min. [redacted] per [redacted] per lb, in warehouse, 1.10-1.40 (1.20-1.40).

COBALT: European [redacted] market, [redacted] per cent, [redacted] lb, in warehouse, 13.00-13.50 (same).

MERCURY: European free market, min. [redacted] per cent, [redacted] 76 lb flask, in warehouse, 80-100 [redacted].

MOLYBDENUM: European [redacted] market, drummed molyb[redacted] oxide, [redacted] per lb Mo, in [redacted]house, 2.37-2.42 (same).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.80-5.40.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 56-60 (54-60).

VANADIUM: European free market, min. 98 per cent, $ a lb V_2O_5, cif, 2.40-2.50 (2.35-2.45).

URANIUM: Nuexco exchange /value, [redacted] per lb, U_3O_8, 9.05 [redacted].

WORLD COMMODITIES PRICES

MARKET REPORT

Cash [redacted] on the LME yesterday, while [redacted] metal closed near [redacted] month highs. [redacted] continued [redacted] tightness, notably for August metal, [redacted] the [redacted] decline in LME [redacted] to a 2½-month low [redacted] prompted [redacted] gains [redacted] metal, with prices breaking [redacted] the $8,800 a tonne [redacted]. The premium [redacted] over three-month fell to [redacted] a tonne from Monday's $187.50. Aluminium prices [redacted] easier [redacted] of today's IPAI [redacted] which [redacted] expected to show May [redacted] world producer [redacted] rising by at least 50,000 tonnes. Traders said option [redacted] selling [redacted] liquidation [redacted] triggered sell stops [redacted] encountered some support on [redacted] dip [redacted] around [redacted] $1,340 a [redacted] three-month metal. Copper prices closed slightly [redacted]. [redacted] said [redacted] of fresh developments in [redacted] miners [redacted] inhibited gains, as all the [redacted] news [redacted] into [redacted]. [redacted] selling in the morning soon [redacted] the supportive influence [redacted] a 1,475-tonne LME [redacted] fall. [redacted] prices in [redacted] York were lower at midday [redacted] hitting [redacted] earlier; London's September cocoa [redacted] below £600 a tonne.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	[redacted]	+0.10
Brent Blend (dated)	$18.95-9.10	+0.75
Brent Blend (Aug)	$19.15-9.25	+0.75
W.T.I. (1 pm est)	$21.10-1.20	+0.75
Oil products (NWE prompt delivery per tonne CIF)		**+ or -**
Premium Gasoline	$239-241	-1
Gas Oil	$179-180	
Heavy Fuel Oil	$66-68	-1
Naphtha	$185-186	-3
Petroleum Argus Estimates		
Other		**+ or -**
Gold (per troy oz)♣	$369.25	-1.35
Silver (per troy oz)♣	446.50	-2.0
Platinum (per troy oz)	$382.50	-1.55
Palladium (per troy oz)	$95.85	+8.28
Aluminium (free market)	Unq.	
Copper (US Producer)	108.0c	
Lead (US Producer)	33c	
Nickel (free market)	Unq.	
Tin (Kuala Lumpur market)	15.49r	+0.05
Tin (New York)	263c	
Zinc (US Prime Western)	62c	
Cattle (live weight)†	108.22p	-0.51*
Sheep (dead weight)†	118.93p	-8.17*
Pigs (live weight)†	70.78p	-3.00*
London daily sugar (raw)	$299.5x	+20.5
London daily sugar (white)	$331x	+11
Tate and Lyle export price	£288	+14
Barley (English feed)	Unq.	
Maize (US No. 3 yellow)	£182.0	-0.5
Wheat (US Dark Northern)	£100	
Rubber (Aug)♥	54.50p	
Rubber (Sep)♥	55.00p	
Rubber (KL RSS No 1 Aug)	230.5m	
Coconut oil (Philippines)§	$480x	
Palm Oil (Malaysian)§	$332.5	
Copra (Philippines)§	$310.0y	+12.5
Soyabeans (US)	£153	-2
Cotton "A" index	82.00c	
Wooltops (64s Super)	387p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct t-Jul/Sep u-Jul x-Jul/Aug y-Aug/Sep z-Aug. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

[redacted]	Close	Previous	High/Low	
Aug	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	208.00
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Mar	195.[redacted]	[redacted]	200.00	[redacted]
May	196.00	[redacted]	200.80	[redacted]
Aug	197.80		201.80	[redacted]
[redacted]	198.80	207.00	[redacted]	

[redacted]	Close	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	282.3	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]		274.5	272.5
[redacted]	274.3	275.0	[redacted]	272.0
[redacted]	275.8	[redacted]	274.2	274.0

Turnover: Raw 2522 (2061) lots of 50 tonnes. [redacted] 1158 (2060)
Paris- [redacted] (FFr [redacted]). Oct [redacted]

CRUDE OIL – IPE ($/barrel)

	[redacted]	[redacted]	High/Low	
Aug	[redacted]	[redacted]	19.27	19.10
Sep	[redacted]	[redacted]	[redacted]	19.16
Oct	[redacted]	[redacted]	[redacted]	19.21
Nov	[redacted]	[redacted]	[redacted]	[redacted]
Dec	[redacted]	[redacted]	[redacted]	[redacted]
IPE [redacted]	19.11	[redacted]		

Turnover 15222 (15393)

GAS OIL – IPE ($/tonne)

	[redacted]	[redacted]	High/Low	
Jul	[redacted]	[redacted]	[redacted]	175.50
[redacted]	[redacted]	177.25	177.75	[redacted]
Sep	178.00	[redacted]	179.00	[redacted]
Oct	[redacted]	[redacted]	[redacted]	180.00
Nov	[redacted]	[redacted]	[redacted]	181.75
Dec	183.25	[redacted]	[redacted]	182.75
Jan	180.50	180.50	180.75	180.25
Feb	176.00		176.00	
[redacted]	172.50	[redacted]	[redacted]	

[redacted] of 100 tonnes

JUTE
C and f Dundee; BTC $475, BWC $475, BTD [redacted], BWD $445, c and f Antwerp BTC $455, BWC $455, BTD $435, BWD $430.

COTTON
Liverpool-Spot and [redacted] for the week ending July [redacted] amounted to 53 tonnes [redacted] tonnes in [redacted] previous week. Restricted operations involved few fresh dealing with only occasional interest shown [redacted] American and Australian growths.

COCOA – London FOX [redacted]

	Close	[redacted]	High/Low	
Jul	569	576	570	567
[redacted]	595	[redacted]	601	593
Dec	635	646	640	633
Mar	675	684	679	[redacted]
May	699	705	703	[redacted]
[redacted]	721	[redacted]	[redacted]	[redacted]
[redacted]	742	[redacted]	[redacted]	740

Turnover: 3869 [redacted] lots of 10 [redacted]
ICCO [redacted] (SDRs [redacted] tonne). Daily [redacted] Jul 8 760.32 [redacted] 767.18 [redacted]

COFFEE – London FOX (£/tonne)

	Close	[redacted]	High/Low	
Jul	540	538	[redacted]	536
[redacted]	[redacted]	562	563	558
[redacted]	583	584	[redacted]	[redacted]
Jan	603	603	[redacted]	[redacted]
Mar	621	618	[redacted]	

Turnover: 4462 (2458) lots of 5 tonnes
ICO indicator prices (US cents per [redacted]) Jul.8 : Comp. daily 65.29 (65.25). 15 day [redacted] (65.39)

POTATOES – London FOX (£/tonne)

	Close	Previous	High/Low	
Mar	117.0		118.0	112.[redacted]
Apr	112.4	109.0	112.6	108.5

Turnover 230 [redacted] 40 tonnes.

SOYAMEAL – London [redacted] (£/tonne)

	Close	[redacted]	[redacted]	
Oct	129.00		129.00	
[redacted]	131.50	[redacted]	[redacted]	[redacted]
[redacted]	135.50		135.50	

Turnover 106 (20) lots of 20 tonnes.

FREIGHT – [redacted] FOX ($10/index point)

	Close	Previous	High/Low	
Jul	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	1540	1545	[redacted]	1520
[redacted]	1568	1574	[redacted]	1545
[redacted]	1575	1575	[redacted]	1560
Jul	1336		1310	
BFI	[redacted]	[redacted]		

Turnover 289 (56)

GRAINS – [redacted] FOX (£/tonne)

[redacted]	[redacted]	[redacted]	High/Low	
Sep	[redacted]	111.85	112.45	
Nov	115.00	114.75	115.00	114.80
Jan	118.75	118.45		
Mar	122.15	[redacted]		
Barley	[redacted]	[redacted]	[redacted]	
Sep	[redacted]	110.00	110.25	
Nov	[redacted]	[redacted]	[redacted]	[redacted]
Jan	[redacted]	117.20	[redacted]	

Turnover: [redacted] 51 [redacted] Barley [redacted] (31).
Turnover lots of 100 tonnes.

[redacted] – London FOX (Cash [redacted])

	[redacted]	[redacted]	High/Low
Jul	98.0		98.0
Sep	[redacted]	100.0	99.0
Oct	[redacted]	101.5	102.0
Nov	[redacted]		105.0
[redacted]	[redacted]	103.0	103.0

Turnover:49 (20) lots of 3,250 kg

[redacted] – London FOX

	[redacted]	[redacted]	High	[redacted]	[redacted]
[redacted]	141.81	[redacted]			
Jul	[redacted]	[redacted]	[redacted]	[redacted]	90
[redacted]	142.80	[redacted]	143.10	[redacted]	[redacted]
[redacted]	143.10	[redacted]	143.10		[redacted]
[redacted]	[redacted]		144.80		30

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	[redacted]	High/Low	AM [redacted]	[redacted]	[redacted] Interest
Aluminium, 99.7% purity ($ per tonne)						[redacted] turnover 20,350 lots
Cash	1312-3	1333-4		1309-10		
3 [redacted]	1344-5	1365-6	[redacted]	1342-3	1345-7	[redacted]
Copper, Grade A (£ per tonne)						Total [redacted] 23,293 [redacted]
Cash	1385-6	1392-3	[redacted]	[redacted]		
[redacted]	1366-6.5	[redacted]	[redacted]	[redacted]	1385.5-6	[redacted]
Lead (£ per [redacted])						[redacted] turnover [redacted]
[redacted]	[redacted]	344-5		339-9.5		
3 [redacted]	347-7.5	[redacted]	[redacted]	347-8	346-7	[redacted] lots
Nickel ($ per tonne)						Total daily [redacted]
Cash	8890-910	8800-50		8850-75		
[redacted]	8830-5	8725-50	8835/8750	8800-5	8820-5	[redacted] lots
[redacted] ($ per tonne)						Total daily turnover 1,651 [redacted]
Cash	5640-50	5670-5		5650-5		
[redacted]	5730-5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted] lots
Zinc, Special [redacted] Grade ($ per tonne)						[redacted] turnover [redacted]
Cash	1074-6	1086-7	1082/1080	1080-0.5		
3 [redacted]	1082-3	1090-1	1091/[redacted]	1084-5	1083-4	28,088 lots

LME Closing £/$ rate:
SPOT: 1.6220 | 3 months: 1.6028 | [redacted] months: 1.5883 | [redacted] months: 1.5774

LONDON BULLION MARKET
(Prices supplied by N.[redacted])

Gold (fine oz)	$ price	£ equivalent
Close	369.00-369.50	
[redacted]	368.85-369.25	
Morning fix	369.00	228.886
Afternoon fix	[redacted]	227.242
Day's high	369.40-369.80	
Day's [redacted]	368.30-368.70	

[redacted] Gold Lending Rates [redacted]

1 [redacted]	5.42	6 [redacted]	5.33
2 months	[redacted]	12 [redacted]	5.31
[redacted]	5.37		

Silver fix	p/fine oz	US [redacted] equiv
Spot	274.50	[redacted]15
3 months	282.00	[redacted]90
[redacted]	[redacted]	460.[redacted]
12 [redacted]	[redacted]	476.60

GOLD COINS
(Prices supplied by [redacted])

	$ price	£ equivalent
Krugerrand	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

TRADED OPTIONS

Aluminium [redacted]

Strike price $ tonne	Sep	[redacted]	Calls	[redacted]	Puts
1250	[redacted]	[redacted]	[illegible]	11	33
1350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1450	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Copper (Grade A)

	Calls		Puts	
[redacted]	121	[illegible]	24	69
2250	61	81	62	119
2350	25	47	126	182

Coffee

	[redacted]	Sep	[redacted]	
500	61		1	
550	23	93	13	17
600	5	34	45	41

Cocoa

	[redacted]		Sep	[redacted]
575	[illegible]	83		
625	1	68	107	22
650	[illegible]	[illegible]	[illegible]	[illegible]

[redacted] Crude

[redacted]	71	94	18	
[redacted]	41	62	35	
1950	21	39	[illegible]	23

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	[redacted]	
Jul	369.4	370.9	369.5	[redacted]
[redacted]	370.6	372.1	371.1	369.9
[redacted]	[redacted]	[redacted]	0	0
[redacted]	[redacted]	[redacted]	374.6	373.7
[redacted]	377.6	379.1	378.1	377.0
[redacted]	381.1	[redacted]	381.1	381.1
Apr	384.5	386.0	0	[redacted]
Jun	388.0	389.5	0	[redacted]
Aug	[redacted]	393.2	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	[redacted]	High/Low	
[redacted]	383.8	[redacted]	383.8	381.5
[redacted]	387.9	[redacted]	389.0	386.0
[redacted]	392.2	394.6	393.5	390.5
Apr	396.2	[redacted]	[redacted]	397.0
[illegible]	400.2	[illegible]	[illegible]	[illegible]
[illegible]	405.7	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz; cents/troy oz.

	Close	[redacted]	High/Low	
[illegible]	[illegible]	[illegible]	448.0	448.0
[illegible]	444.3	[illegible]	[illegible]	[illegible]
[illegible]	448.2	[illegible]	447.0	445.0
[illegible]	455.2	[illegible]	455.0	450.0
[illegible]	457.1	[illegible]	[illegible]	[illegible]
[illegible]	461.1	[illegible]	[illegible]	[illegible]
[illegible]	465.5	[illegible]	[illegible]	[illegible]
[illegible]	469.9	[illegible]	[illegible]	[illegible]
[illegible]	483.0	[illegible]	483.0	[illegible]

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	[redacted]	High/Low	
Jul	100.80	101.40	101.00	100.20
Aug	100.60	101.75	100.90	100.50
Sep	100.50	101.55	[illegible]	[illegible]
Oct	100.40	101.18	0	0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	[redacted]	High/Low	
Jul	120.20	120.45	120.75	119.80
[illegible]	[illegible]	[illegible]	[illegible]	119.10
Mar	118.65	118.10	[illegible]	118.60

CRUDE OIL (Light) 42,000 US galls $/barrel

	[redacted]	[redacted]	High/Low	
Aug	[redacted]	[redacted]	21.28	21.00
[redacted]	21.12	21.11	21.17	20.90
Oct	21.00	[redacted]	21.04	20.80
[redacted]	20.92	[redacted]	20.92	[redacted]
[redacted]	20.83	[redacted]	20.83	[redacted]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	20.28	[illegible]
May	[illegible]	[illegible]	20.18	[illegible]

HEATING OIL 42,000 US galls, [redacted]

	[illegible]	[illegible]	[illegible]	
[redacted]	5735	5730	5750	5670
Sep	5835	5830	5850	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	6135	6130	6145	6065
Jan	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Apr	5610	[illegible]	[illegible]	5490
[illegible]	5380	[illegible]	[illegible]	5340

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
[illegible]	[illegible]	874	[illegible]	860
[illegible]	[illegible]	912	921	[illegible]
Dec	[illegible]	970	984	965
Mar	[illegible]	1018	1011	[illegible]
[illegible]	[illegible]	1036	[illegible]	[illegible]
Jul	[illegible]	1072	1066	1064
[illegible]	[illegible]	1090	1095	1082
[illegible]	1125	[illegible]	0	0
[illegible]	1202	[illegible]	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	84.50	83.75
Sep	84.75	85.60	84.75	[illegible]
Dec	88.00	88.90	89.00	88.00
[illegible]	91.35	91.90	92.20	[illegible]
May	[illegible]	[illegible]	94.00	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	101.25	101.85	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	[redacted]	High/Low	
[illegible]	8.49	8.51	8.55	8.40
[illegible]	8.53	8.54	8.60	8.60
May	8.82	8.83	8.92	8.80
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oct	8.97	9.00	9.00	[illegible]

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Jul	69.73	70.60	[illegible]	69.55
[illegible]	70.53	72.53	70.70	[illegible]
Dec	70.68	72.30	71.05	70.50
[illegible]	71.38	71.28	71.25	71.05
[illegible]	72.25	72.06	72.10	71.95
Jul	71.45	72.20	72.60	71.80
Oct	68.75	[illegible]	0	[illegible]

INDICES

REUTERS (Base: September 18 1931 = 100)

July 9	July 8	mnth ago	yr ago
1738.4	[illegible]	1741.6	[illegible]

DOW JONES (Base: Dec. 31 1974 = 100)

	July 9	July 8	mnth ago	yr ago
Spot	126.70	127.20	131.20	[illegible]
Futures	123.64	[illegible]	[illegible]	[illegible]

Chicago

[redacted] 5,000 bu min; cents/60lb [redacted]

	[redacted]	[redacted]	High/Low	
Jul	523/0	520/6	527/2	522/0
[redacted]	519/4	517/6	525/0	518/4
[illegible]	[illegible]	[illegible]	524/0	[illegible]
[illegible]	541/4	540/4	[illegible]	541/0
[illegible]	561/4	[illegible]	[illegible]	[illegible]
[illegible]	559/4	556/0	563/4	557/0

[redacted] OIL 60,000 lbs; cents/lb

Jul	18.33	18.25	18.55	18.28
Aug	18.38	18.27	18.60	[illegible]
Sep	18.54	[illegible]	18.78	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	19.31	19.80	[illegible]
[illegible]	[illegible]	19.60	19.90	[illegible]

SOYABEAN MEAL 100 tons; $/ton

Jul	160.0	160.1	160.4	159.2
Aug	160.7	160.2	161.5	160.2
[illegible]	161.1	[illegible]	162.0	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jan	163.3	162.1	163.4	161.8
[illegible]	164.3	163.0	[illegible]	[illegible]
[illegible]	[illegible]	165.3	[illegible]	[illegible]

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Jul	224/4	223/6	227/0	223/0
Sep	220/4	218/4	222/4	219/0
[illegible]	229/6	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	236/4	[illegible]
[illegible]	[illegible]	[illegible]	240/0	[illegible]
Jul	[illegible]	239/2	239/6	[illegible]
Sep	[illegible]	232/0	232/4	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
[illegible]	255/2	251/0	256/0	252/0
[illegible]	[illegible]	259/4	[illegible]	261/4
[illegible]	[illegible]	274/0	276/0	[illegible]
[illegible]	[illegible]	[illegible]	284/4	[illegible]
[illegible]	[illegible]	[illegible]	282/0	[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	73.07	[illegible]	[illegible]	72.67
Oct	72.12	[illegible]	[illegible]	71.57
Dec	73.55	[illegible]	[illegible]	[illegible]
[illegible]	74.65	[illegible]	74.95	[illegible]
Apr	75.25	[illegible]	75.50	[illegible]
Jun	[illegible]	[illegible]	72.90	[illegible]

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jul	54.42	[illegible]	[illegible]	[illegible]
Aug	48.07	[illegible]	[illegible]	[illegible]
Oct	43.12	[illegible]	43.50	[illegible]
Dec	43.45	[illegible]	43.90	43.40
Feb	43.45	[illegible]	[illegible]	[illegible]
Apr	41.60	[illegible]	[illegible]	[illegible]
Jun	46.05	46.32	46.37	[illegible]

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	48.62	[illegible]	47.85	46.55
Aug	46.85	46.75	48.30	45.57
[illegible]	48.30	[illegible]	[illegible]	[illegible]
[illegible]	48.07	[illegible]	[illegible]	[illegible]
[illegible]	48.00	[illegible]	[illegible]	[illegible]
[illegible]	47.70	47.70	0	0

LONDON STOCK EXCHANGE

Good recovery in buoyant market

THE RALLY in both the Tokyo and New York stock markets overnight inspired a determined, if somewhat technical, recovery in London yesterday. A rush to buy shares by market traders rash enough to be short of stock in the thinly traded and volatile market of recent weeks drove prices ahead, taking the FT-SE Index to within ten points of the 2,500 mark at the day's peak.

Equities were encouraged by a firm futures sector where for most of the day the September contract on the FT-SE Index held on to a premium against its fair value level – the estimated allowance for dividend flows and financing costs on the underlying stocks.

The recovery overnight of 432 points on the Nikkei Index in Tokyo, taking it away from a widely-recognised testing area, together with the gain of 29 points on the Dow Industrial Average, set the scene for a firm opening in UK equities. By mid-session, the FT-SE Index was 24 points up at 2,490.8 and the improvement was held during the rest of the session despite a somewhat uncertain start to the new trading day in New York.

The [illegible] reading put the FT-SE Index at 2,487.9 for a net gain of 21.1. The Index has [illegible] from [illegible] fall and now stands near to the middle of a previously identified trading range of FT-SE 2,450 to 2,550. Equity specialists are still fairly optimistic for the final quarter of this year, although few expect much [illegible] then, either in the stock market or the underlying economy.

Trading volume as recorded by Seaq, which takes in both customer and intra market business, rose sharply to [illegible] shares against 308.4m on Monday. But traders stressed that the institutions played a subdued role again yesterday, when much of the business came from marketmaking firms.

Marketmakers were picking up stock to [illegible] Monday's [illegible] ing commitments and also arbitraging [illegible] the FT-SE listed stocks [illegible] the September futures [illegible] the Index.

The rally in the Tokyo market enabled London investors to turn their [illegible] back to the prospects for a [illegible] cut in UK base rates in the near term. Interest rate optimism was boosted by yesterday's news that in June Britain's factory gate prices had shown the lowest annualised increase for more than twelve months; equity strategists believed that [illegible] new [illegible] of falling inflationary pressure will enable the Bank of England to sanction a cut in base rates very soon, perhaps later this week if German rates are left unchanged when the Bundesbank meets tomorrow.

Traders described yesterday's stock market as buoyant. In addition to arbitraging between the cash and futures markets, market [illegible] were successful in placing a number of substantial [illegible] of stock. Panmure Gordon, the broker, placed 1m shares in Kwik-Fit and 2.4m in Polypipe, both blocks being taken up readily by [illegible] clients.

But the biggest volume deal of the day was not disclosed until after the official [illegible] of the session. Smith New Court placed 17m shares in Singer & Friedlander, the merchant banker, believed to have been on behalf of the Robert Maxwell interests; the Seaq screens recorded Singer turnover at 35m shares as Smith successfully sold on the stock.

The response to the UK government White Paper on proposed reductions in UK defence forces had been largely discounted in the London stock market.

Account Dealing Dates		
First Dealings:		
Jul 1	Jul 15	Jul 29
Option Declarations:		
Jul 11	Jul 25	Aug 8
Last Dealings:		
Jul 12	Jul 26	Aug 9
Account Day:		
Jul 22	Aug 5	Aug 19

*New-time dealings may take place from 8.30 am two business days earlier.

Pricing plan hits BAA

BAA fell sharply on news that the UK Civil Aviation Authority [illegible] proposed a new and apparently [illegible] formula for landing and parking fees at the three London airports, to begin in April next year.

[illegible] analysts had expected that, following an investigation by the UK Monopolies and Mergers Commission, the change in charges would be set according to the prevailing Retail Prices Index minus [illegible] to 5 per cent.

The CAA, however, has chosen to bypass the MMC recommendation of RPI minus [illegible] per cent, and instead suggested the rate should be set at RPI minus 8 per cent. With inflation at current levels, this would mean significant cuts in landing charges.

The shares retreated strongly on the news and at one time were down [illegible] at 418p. They followed the market higher in the afternoon to end the day 10 off at 424p after hefty trade of 7.1m shares.

Mr John Lawson, transport analyst at [illegible] Charterhouse Tilney, suggested that, should the CAA proposals go through, he would have to downgrade profits for the year to March 1993 by £12m to [illegible]. He added, [illegible] "It is clearly not good news, but the worse now appears to be known and things can only get better in negotiations with the CAA."

Northern Foods deal

A large bought deal in Northern Foods, the leading food manufacturer, prompted heavy recorded turnover of 9.6m shares and the stock declined 5 to 478p. Securities house Smith New Court acted on behalf of an institutional seller. Smith took 5m shares at 463½p and sold in small lots at 467p. A spokesman said: "The vast majority of the shares were sold and we kept a small minority for ourselves. We were delighted to be approached by the client and the deal went very well."

Ultramar sold

A [illegible] of [illegible] in earnings forecasts [illegible] a [illegible] in [illegible] of Ultramar, the oil and gas group. The [illegible] came from a range of leading stockbroking houses, including Nomura, [illegible] de [illegible] Wedd and Smith New Court. The move to lower [illegible] appeared to be led by Cazenove, Ultramar's stockbroker.

Analysts were said to have been shaving net income forecasts for the year to [illegible] £60m, down from £80m-plus. Ultramar's businesses on the West Coast of America are said to be turning in extremely poor results, as have those in [illegible], where the [illegible] fered [illegible] and poor margins.

The shares touched 290p initially but began to falter around midday. Selling pressure built up and the stock ended the session at the day's worst of 278p for a net decline of 9. Turnover reached 2.4m, well above usual levels.

Hoare Govett, which cut its earnings forecast some weeks ago, said the shares had suffered from an element of panic yesterday, but the firm maintained its buy stance and said it was looking for increased margins in [illegible] as well as higher upstream volumes.

A stronger dollar and positive comment from a leading securities house prompted a sharp rise in Reckitt & Colman. The shares, which [illegible] in a thin market, saw turnover of 475,000 and closed [illegible] up at 1622p.

Reckitt had been popular in New York the night before and was further helped when Mr Franc Gregori of Robert Fleming upgraded the stock. Mr Gregori forecasts profits of £276m for this year and £326m for next year – at the top of analysts' predictions. He said: "It is not simply a defensive stock but very much a growth stock. We predict earnings per share growth of 12 to 14 per cent over the next five years."

A profits downgrade instigated by Kleinwort Benson was blamed for a slide in Taylor Woodrow shares, which lost 8 to 207p, after 206p, on turnover of 1m. Kleinwort [illegible] its current year forecast, already one of the lowest in the market, by £10m to £55m.

Mr Jamie Stevenson, building analyst at Kleinwort, said the cut was made because of extra provisioning for contracts in Denmark and the US. He emphasised the poor outlook for Taylor Woodrow's North American businesses and for profits generally.

Northern Electricity, 6 higher at 211p, was a lone strong performer in the electricity distribution stocks as BZW and Yamaichi issued buy recommendations on the shares.

BP moved up 5 to 339p on turnover of 6.7m as details of its Cusiana oilfield discovery in the Llanos Basin of Colombia emerged. BP described the discovery as significant. But a number of analysts posed questions about development and transportation costs.

Reuters was firm on the back of a strong dollar and an announcement that it was able to extend its [illegible] of US government securities markets. The shares closed 11 up at 753p on thin turnover of 481,000. Mr Brian Newman of broker Henderson Crosthwaite [illegible] the breakthrough, which [illegible] anticipated in the market, meant that there was now less reason to invest in Telerate, Reuters' main competitor.

Pharmaceuticals responded to a [illegible] dollar yesterday and interest on Wall Street. Glaxo was up 16 to 1260p on good turnover of 2.1m as, according to one observer, US buyers continued to consider it [illegible] cheap in global terms. However, some UK traders feel its recent sharp rise leaves it a little expensive. SmithKline Beecham "A" gained 11¼ to 802½p and Wellcome advanced 11 to 702p. ICI, which also continues to benefit from bid speculation, rose 13 to 1293p.

Courtaulds picked up 7 to [illegible]. It was suggested that one [illegible] was short of stock and bought in the market. Macarthy, the pharmaceuticals retailer and manufacturer, said it was "unanimously rejecting" a bid by conglomerate Grampian Holdings and Macarthy's shares slipped 4 to [illegible]. Grampian, which said its "final offer" yesterday [illegible] Macarthy investors a 44 per cent increase on the value of ordinary shares held on May 20, was firm at 175p.

A rights issue by JLI Group, the food distributor and processor, was responsible for a fall of 5 to 102p in the shares.

Worries about Asda's full year results [illegible] and fears of a rights issue held the supermarket group back on a buoyant day. The shares gained only a penny to 88p after being 2 off earlier.

[illegible] Organisation moved up 7 to 643p ahead of tomorrow's interim figures. The range of analysts' forecasts is from £85m to around £100m, compared with [illegible] last time, with the majority pitched towards the [illegible]. The interim dividend is expected to be held at 10.25p.

Rank's hotels, [illegible] video duplication businesses have been badly affected by the Gulf war, the recession and the poor weather in February.

Cable and Wireless closed 10 higher at 556p on good turnover of 2.5m. The shares were boosted by the annual survey of telecoms [illegible] published by James Capel, the leading agency brokerage.

The survey said telecoms [illegible] expected [illegible] (C and W's telecoms subsidiary) to substantially increase its market share over the next five years and for Mercury's profits to increase six-fold over the same period.

BT shares, although outpaced by C and W, put on a good showing to finish 5 ahead at [illegible] on 3.1m.

Synapse Computer, the computer services group, surged 23 to 100p, after the recommended 105p a share offer from ECsoft, the Scandinavian group, valuing Synapse at £5.8m.

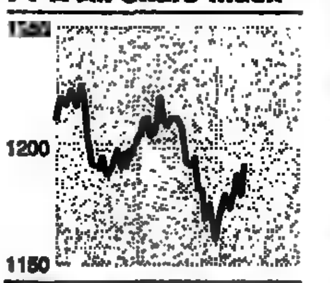
[illegible] Siddeley fell 22 to 525p, with the shares apparently weakened by a large [illegible] overhang and the latest announcement of the UK government's defence review. There was also talk that Cazenove had cut profits expectations.

[illegible] Group closed 10 higher at 47p in spite of reporting a slump in profits to £2.9m from the previous year's £22.1m, and no final dividend. The share price rise was underpinned by news of a strong order book, the non-appearance of a much-predicted rights issue and news that the company is to split the role of chairman and chief executive, a move thought to have been forced on the company by major shareholder Prudential.

Davy, currently the subject of a recommended [illegible] cash bid from Trafalgar House, rose 6 to [illegible] on announcing that it had [illegible] completion of a floating oil rig platform for the Emerald Field in the North Sea.

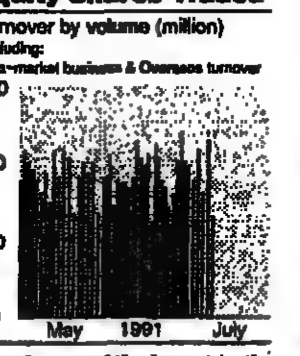
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 24.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (46).
BRITISH FUNDS (11) Treas. 8pc 1991, Treas. 10pc [illegible], Treas. 8pc 1992, Treas. 9pc [illegible], Treas. [illegible] 1993, Treas. 10pc 1993, Fd. 6pc [illegible] 1994, Treas. 10pc 2001 [illegible], Treas. 2pc IL [illegible] AMERICANS [illegible] BANKS [illegible] CHEMICALS (3) Thurgar Bardex [illegible] ELECTRICALS (3) [illegible] Elect., Sage, ENGINEERING [illegible] Copco B, Kvaerner B, HOTELS [illegible] INDUSTRIALS (7) Betterware, Consumer, Hepworth, Interurope Tech., Reckitt & Colman, [illegible] Waterman Partnership, Wellcome, [illegible] (2) Radio City A, Tomorrows, NEWSPAPERS (1) [illegible], PAPERS (2) Arjo Wiggins Appleton, Cropper [illegible] PROPERTY (1) Slough [illegible] 8½p Prf., [illegible] AFRICANS (8) Anglo Amer. Inds. [illegible], New Klein Props., SA Brews. [illegible] Tongaat-Hulett, [illegible] Precious Metals, [illegible] (1) Monument, MINES (17) Anglo Amer. Coal, Anglo Amer. Inv., De Beers Linked Units, Eastern Trans. Cons., Falcon, GM Kalgoorlie, [illegible] Gold Fields SA, Johannesburg Cons. [illegible], Middle Wits., Mount Burgess, Rand Mines, Simmer & Jack, RTZ, Southvaal, West Rand.

NEW LOWS (50).
BANKS (1) Union Discount, BUILDINGS (3) BPB, Beazer, Westbury, CHEMICALS (1) Evode, [illegible] Clinton Ca[illegible] Holographics, Norsk Data A, ENGINEERING (2) Linread, Manganese Bronze, FOODS (2) ASDA, Carr's Milling, INDUSTRIALS (13) Alexandra [illegible] Ind., Berry Wehmiller, Cla[illegible] Kwan de Groot, Cresta, Dean & [illegible] EIT, GR, Hornby, ISA Intl., Nu-Swift, [illegible], Rentsminster, Walker Greenbank, [illegible] Cap., Wilton, Wyko, LEISURE (3) Kunick, Midlands Radio, Thames TV, PAPERS (1) Filofax, PROPERTY (9) Britannia, Claydorm, Lon. Secs. 8pc Prf., Mountleigh [illegible] Stanhope, SHOES (1) [illegible] Flextech, OILS (5) [illegible] Energy, Hardy Oil & Gas, Kelt Energy, Midland & Scot. Res., MINES (1) Paragon Res.

FINANCIAL TIMES STOCK INDICES

	July 9	July 8	July 5	July 4	July 3	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	84.84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible] (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	87.21	94.64	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1905.4	[illegible]	1911.8	1904.7	1884.9	1865.0	[illegible] (5/4)	1606.3 (16/1)	[illegible]	[illegible] (26/6/40)
Gold Mines	218.4	[illegible]	218.6	217.1	[illegible]	[illegible]	218.9 (4/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2545.3 (5/4)	2054.8 (16/1)	2545.3 [illegible]	986.9 (23/7/84)
FT-SE Eurotrack 200	[illegible]	1136.80	[illegible]	[illegible]	[illegible]	[illegible]	1192.11	[illegible] (16/1)	[illegible] (5/6/91)	[illegible] (16/1/91)

●Ord. Div. Yield	4.94	4.97	4.93	4.95	4.98	5.00
●Earning Yld %(full)	8.68	[illegible]	[illegible]	8.69	8.76	11.97
●P/E Ratio (net)	[illegible]	[illegible]	[illegible]	14.15	14.05	10.86
SEAQ Bargains 4.45pm	26,095	24,532	22,032	21,807	[illegible]	[illegible]
Equity Turnover(£m)†	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity Bargains†	-	[illegible]	21,858	[illegible]	20,710	[illegible]
Shares Traded (mil)†	-	[illegible]	[illegible]	[illegible]	433.3	379.5

Ordinary Share Index, Hourly changes — Day's High 1907.9 — Day's Low 1901.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1901.0	1906.1	1902.2	1901.9	1905.3	1905.0	1904.9	1902.9	1905.1

FT-SE 100, Hourly changes — Day's High 2490.8 — Day's Low 2480.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2481.0	2488.5	2483.5	2484.1	2490.0	2490.4	2489.4	2487.2	2488.2

FT-SE Eurotrack 200, Hourly changes — Day's High 1148.21 — Day's Low 1144.11

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1145.46	1144.71	1144.12	1146.46	1147.49	1147.25	1147.16

Basis 100 Govt. Secs [illegible], Fixed Int. [illegible], Ordinary 1/7/35, Gold mines 12/9/55 [illegible] FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. [illegible]

GILT EDGED ACTIVITY

Indices*	July 8	July 5
Gilt Edged Bargains	76.8	80.2
5-Day average	88.4	89.8

*SE Activity 1974. †Excluding intra-market business [illegible] turnover.

London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
ADT	[illegible]	[illegible]	[illegible]
ASDA Group	[illegible]	[illegible]	[illegible]
Abbey National	[illegible]	[illegible]	[illegible]
Allied-Lyons	[illegible]	[illegible]	[illegible]
Anglian Water	[illegible]	[illegible]	[illegible]
BAA	[illegible]	[illegible]	[illegible]
BAT Inds.	[illegible]	[illegible]	[illegible]
Bank of Scotland	[illegible]	[illegible]	[illegible]
Barclays	[illegible]	[illegible]	[illegible]
Bass	[illegible]	[illegible]	[illegible]
Beazer	[illegible]	[illegible]	[illegible]
Blue Circle	[illegible]	[illegible]	[illegible]
Boots	[illegible]	[illegible]	[illegible]
Bowater	[illegible]	[illegible]	[illegible]
British Land	[illegible]	[illegible]	[illegible]
Burmah Castrol	[illegible]	[illegible]	[illegible]
Burton	[illegible]	[illegible]	[illegible]
Cable & Wireless	[illegible]	[illegible]	[illegible]
Cadbury Schweppes	[illegible]	[illegible]	[illegible]
Caley Group	[illegible]	[illegible]	[illegible]
Carlton Comms.	[illegible]	[illegible]	[illegible]
Coats Viyella	[illegible]	[illegible]	[illegible]

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

EQUITY FUTURES AND OPTIONS TRADING

THE derivatives markets had a relatively quiet session yesterday, although both [illegible] reflected the strong rebound in London equities in the wake of good performances overnight in Tokyo and New York.

Traders reported substantial arbitraging between the September futures contract on the Footsie Index and the underlying blue chip stocks, the first sign of such activity for some time. Dealers regarded this as a sign of underlying buoyancy in both derivatives and equity sectors, which have steadied in recent weeks.

Traders who had been caught badly short of blue chip stocks, sold the futures contract and bought the shares, according to specialists in the derivatives sector.

Traders warned that the business in the September future, which held a premium against its fair value estimates for most of the day, indicated the technical nature of the market yesterday.

There was also activity in [illegible] options, where Trustees [illegible] options [illegible] interest; calls and puts in the September [illegible] options were bought, while the December puts were bought and sold.

Total business in traded options [illegible] sharply, from 12,202 on Monday to 23,090. The FT-SE option turned [illegible] contracts, however, down from 4,739 in the previous session.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Over Fifteen Years

Undated

Index-Linked

Five to Fifteen Years

BRITISH FUNDS—Contd

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

Continued on next page

APPOINTMENTS

Directors named at Boustead

■ BOUSTEAD, the international manufacturing and technical services group, has made the following appointments:

Mr Graham Zacharias, currently managing director of Bousteadco Singapore, will return to the London head office and will be appointed group financial director, Boustead, with effect from November 1.

Mr Peter Cormack, currently managing director, UK manufacturing division, will succeed Mr Zacharias as managing director, Bousteadco Singapore with effect from September 1. He will continue as a director of Boustead.

Mr Peter McLennan will extend his present responsibilities and is to be appointed managing director of all UK and mainland European operations with effect from September 1. He remains a Boustead director.

Mr Michael Thesinger will become administration director while retaining his current responsibilities as company secretary and a director of Boustead.

■ Mr Roger Fauroux, former minister of industry in France, has joined the Anglo-French joint board of EUROTUNNEL, replacing Mr Philippe Jaffré who has resigned.

■ Miss Kareen M. Wray has been appointed an associate director of BRADSTOCK BLUNT (N.I.).

■ HTV WEST has appointed Mr Ron Evans *(pictured)*, managing director, as its new chairman. He succeeds Mr Colin Atkinson, who died recently after a long illness. Mr [illegible] became managing director of HTV West three years ago and now rejoins the board of HTV Group. He also sits on the board of HTV International. He will be succeeded as managing director of HTV West by Mr Ted George on September 1.

■ CHARTERED WESTLB, London, has appointed Mr David Chalmers Olson as executive director responsible for its North American corporate finance activities, based in New York. He was managing director of Nordberg Capital Inc, New York.

■ Mr George Latimer has been appointed managing director of LINDAB, UK subsidiary of the Swedish group.

■ JOHN TAMS GROUP has appointed Mr Leslie Warman as a non-executive director. He was an executive director of Lloyds Merchant Bank. Mr Bill Bowers, a non-executive director, has retired.

■ Mr Lawrence Arnold *(pictured)* has been appointed general manager, finance, at MINSTER INSURANCE GROUP, a subsidiary of GAN. He was a director and general manager (finance) at Crusader Insurance.

■ Mr Jürgen A. Paleit has been promoted to managing director of URENCO, Marlow, from August 1, retaining his responsibilities as finance and commercial director. He continues as geschäftsführer of Centec, Germany. Mr Paleit succeeds Mr George H. Inglis who is retiring, but who will retain the chairmanship of Urenco's two US subsidiaries for an interim period, and at the same time will act as consultant to the new managing director. The company provides unranium enrichment services.

■ Mr Nicholas Woolley, formerly chief land agent for Prudential Corporation and national director of Prudential Agricultural, has joined LANDMATCH to head its land management division.

■ Mr Jim Thatcher *(pictured)* has been appointed personal systems director of ECS INTERNATIONAL UK, a computer services group, and subsidiary of the Société Générale group. He was with IBM.

LEGAL NOTICES

Newlands Hotel Limited
T/A Lancaster [illegible] Hotel
- In Administrative Receivership -
Registered Number: 737[illegible]

NOTICE IS HEREBY GIVEN [illegible] Lancaster Gate Hotel [illegible] London [illegible] 10.00 [illegible]

Dated: 14 June 1991

P R COPP

SOUTHARD LIMITED

IN THE MATTER OF [illegible] YEATES [illegible] SONS LIMITED AND IN THE MATTER OF THE INSOLVENCY ACT 1986

IN THE MATTER OF PANACEA GROUP LIMITED AND IN THE MATTER OF THE INSOLVENCY ACT 1986

CATERCRAFT (SUSSEX) LIMITED

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2128

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

For Scot. Hydro-Electric and Scottish Power see EQUITIES under LONDON RECENT ISSUES

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

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LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRANSPORT—Contd

INVESTMENT TRUSTS

INVESTMENT TRUSTS—Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

NOTES

Stock Exchange dealing classifications are indicated to the right of securit[illegible]: α Alpha refers to shares traded through SEAQ by at leas[illegible] marketmakers and with a normal market size of 2,000 or [illegible]ased on experience of how many of its shares are traded in [illegible]ical deal. β Beta refers to all other shares. γ Gamma [illegible] to other traded instruments.
Highs an[illegible] are based on intra-day mid prices. Unless otherwise [illegible]ted, prices and net dividends are in pence and denomin[illegible]are 25p. Estimated price/earnings ratios and covers ar[illegible] on latest annual reports and accounts and, where po[illegible]dated on half-yearly figures. P/Es are calculated on [illegible]ution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.
Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ● USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs [illegible]ield based on assumption Treasury Bill Rate stays unchange[illegible] maturity of stock. a Annualised dividend. b Figures based [illegible]rospectus or other official estimates. c Cents. d Dividend r[illegible]d or payable on part of capital, cover based on dividend [illegible]ll capital. e Redemption yield. f Flat yield. g Assumed di[illegible] and yield. h Assumed dividend and yield after scrip issue [illegible]yment from capital sources. k Kenya. m Interim higher th[illegible]ious total. n Rights issue pending q Earnings based [illegible]y figures. s Dividend and yield exclude a speci[illegible] t Indicated dividend: cover relates to previous divi[illegible]atio based on latest annual earnings. u Fore[illegible] annualised dividend rate, cover based on pre[illegible]rnings. v Subject to local tax. x Dividend cover in e[illegible]times. y Dividend and yield based on merger terms. [illegible]d yield include a special payment: Cover does not a[illegible] payment. A Net dividend and yield. B Preference [illegible]ed or deferred. C Canadian. E Minimum tender pr[illegible] and yield based on prospectus or other official e[illegible]0-91. G Assumed dividend [illegible] after pend[illegible] rights issue. H Dividend [illegible] based on pro[illegible] official estimates for 1991[illegible]dend and yi[illegible]spectus or other official e[illegible] for 1990. L [illegible]alised dividend, cover and [illegible] on latest [illegible] M Dividend and yield bas[illegible]ectus or oth[illegible]es for 1991-92. N Divide[illegible]yield based [illegible]or other official estimates [illegible]9-90. P Figures based on prospectus or other official e[illegible] for 1991. Q [illegible]orecast annualised dividend, [illegible] p/e based [illegible] or other official estimates [illegible]es assumed. W [illegible]ures. Z Dividend total to d[illegible]
Abbreviat[illegible] ex dividend; ≡ ex scrip [illegible] ex rights; ≡ ex all; ≡ ex c[illegible]stribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1	640xd	......
Finlay Pkg. 5p	27	......
Holt (Jos) 25p	1975	......

IRISH

Cap. 8¼% Ln. 1991	£99¾	......
9pc Cap Ln. 1996	£97¾	......
Fin. 13% 97/02	£114¾	......
Arnotts	165	......
Helton Hldgs.	35	......
IRG	128½	......
United Drug	170	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

Allied-Lyons	44
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp.	31
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	60
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons.	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	80
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd.	39
ICI	80
Ladbroke	22
Legal & Gen.	36
Lex Service	20
Lloyds Bank	30
Lucas Inds.	13
Marks & Spencer	21
Midland Bk.	18
Nat West Bk.	27
P & O Dfd.	51
Racal Elect.	18
RHM	28
Rank Org Ord.	63
Ratners	17
Reed Intnl.	[illegible]
Sears	[illegible]
SmKl. Beecham A.	50
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	60
Vickers	19
Wellcome	40

Property

Brit Land	30
Control Secs.	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils

Ariva Petlm.	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm.	10
Gaelic Res.	1
Premier	6
Shell	41
Tuskar Res.	2
Ultramar	30

Mines

Lonrho	21
RTZ	48

This service i[illegible]e to companies whose shares are regularly traded in the [illegible]ngdom for a fee of £1,150 a year for each securit[illegible] subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Maxwell Management Ltd (1200)H
St George's Way, Stevenage Dealers 071-256 5858

	Init Chrg	Canc Price	Bid Price	Offer Price	+ or −	Yield Grs
Growth Units	5¼	130.1	131.1	139.5	+0.3	4.25
Gilt & Fxd Int	5	144.2	144.2	151.6	+0.3	8.52
Intl Growth	5¼	149.4	150.8	160.4	+1.7	0.42
North American	5¼	97.71	99.14	105.4	+1.2	0.37
Far East	5¼	121.0	122.0	129.8	+1.6	0.35
UK Smaller Cos	5¼	102.3	102.3	108.8	−0.5	3.32
European	5¼	53.56	53.56	57.11	−0.21	1.12
Japanese Growth	5¼	37.03	37.03	39.67	+0.13	0.00
Managed P'folio	5¼	49.30	49.73	52.90	+0.4	1.77
High Income	5¼	145.1	146.9	156.3	+0.5	6.20
High Yielding Gilt	5¼	61.72	61.72	65.02	+0.01	9.47
Cash		51.17	51.17	51.17	+0.01	10.30

Geoffrey Morley Unit Mgrs Ltd (1200)F
3 Bedford Park, Croydon CR0 2AQ 081-686 9818

	Init Chrg	Canc Price	Bid Price	Offer Price	+ or −	Yield Grs
Exempt Unit Tst	4	113.27	113.27	120.60	+0.46	2.60
Exempt Smllr Cos	3¾	221.21	221.21	240.03	−0.46	1.40

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

■ Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

Stewart Ivory Unit Tst Mgrs Ltd (1200)H

Edinburgh Fund Mngrs PLC

Albany Life Assurance Co Ltd – Contd.

Century Life Plc

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Funds in Court*

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Legal & General (Unit [illegible]) Ltd

Merchant Investors [illegible] Co Ltd

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2340

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	105.6	111.2	+0.5	–
Pension Managed Fd	103.4	108.8	+0.2	–
Life Deposit Fd	107.9	113.6	——	–
Pension Deposit Fd	113.3	119.3	——	–

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 393539
Life Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Cautionary	106.9	112.6	-0.2	–
Managed Growth	134.2	141.3	-0.6	–
Managed Opportunity	135.7	142.9	-1.1	–
NFMC Target Financial	100.7	106	+0.4	–
Pension Funds				
Managed Cautionary	117.5	123.7	-0.1	–
Managed Growth	142.1	149.6	-0.6	–
Managed Opportunity	136	143.2	-1.2	–
NFMC Target Mngd Pen	1502.8	1581.9	-4.1	–

National Mutual Life
The Priory, Priory Pl, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	161.2	169.7	——	–
UK Equity	165.3	174.0	——	–
Overseas Equity	140.8	148.3	——	–
Fixed Interest	144.4	152.1	——	–
Property	127.0	133.7	——	–
Index Linked	146.5	154.3	——	–
Deposit	157.7	166.1	——	–
With Profits (B)	129.4	136.3	——	–

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	349.3	367.7	+2.0	–
UK Equity	434.6	457.5	+2.5	–
Overseas Eq	349.7	368.2	+5.8	–
American	289.3	304.6	+5.3	–

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	149.5	158.0	+0.5	–
Accum Equity	214.5	226.5	+1.0	–
Accum Managed	225.0	237.5	+1.0	–
Accum Five Star	170.5	180.0	-1.0	–
Accum World	123.5	130.5	-0.5	–
Accum Lifeline	108.8	108.8	+0.1	–
Pens Acc Equity	230.0	243.0	+1.5	–
Pens Acc Managed	279.5	294.5	+2.0	–
Pens Acc Intl	215.0	226.5	+3.0	–
Pens Acc Deposit	200.0	211.0	–	–
Pens Acc Five Star	186.0	196.5	-2.0	–

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	220.9	233.1	+0.4	–
UK Fixed Int Acc	176.0	185.7	——	–
Intl Equities Acc	177.5	187.3	+0.9	–
UK Managed Acc	172.2	181.6	+0.3	–
Property Acc	224.1	236.4	——	–
Money Acc	129.8	137.0	——	–
Special Market Acc	141.4	149.2	-0.6	–
Japan Equity Acc	102.4	108.1	+1.4	–
North American Acc	109.9	116.0	+1.0	–
Pacific Acc	97.4	102.8	+0.4	–
Technology Acc	126.2	133.2	+0.7	–
Nat Resources Acc	66.6	70.3	+0.6	–
European Acc	100.2	105.7	+0.2	–
Residential Prop Acc	96.2	101.5	——	–
Swiss Equities Acc	34.6	36.6	+0.1	–
Hong Kong Acc	70.4	74.3	+0.6	–
UK High Inc Eq Acc	71.3	75.3	+0.1	–
Int Fixed Interest Acc	57.6	60.8	——	–
Int Managed Acc	56.7	59.8	+0.1	–
HIP Managed Acc	117.8	124.2	+0.2	–
HIP Managed II Acc	99.4	104.8	——	–
HIP Managed III Acc	106.5	112.3	+0.1	–
Total Investment Bond				
UK Equity Initial		130.4	+0.3	–
UK Fixed Int Initial		120.0	-0.1	–
Intl Equities Initial		120.1	+0.6	–
UK Managed Initial		117.4	+0.2	–

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

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U.S. Treasury Securities Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Short Term Shares	$766.31			
Fixed Income Shares	$889.21			

IRELAND (SIB RECOGNISED)

GAM Fund Management Ltd (u)

29 Kildare Street, Dublin

MI Global Asset Mangmt Co Ltd "MI Trusts"

IRELAND (REGULATED)

Bank of Ireland Unit Managers Ltd

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)

JERSEY (SIB RECOGNISED)

John Govett—Contd.

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gross
Far East Equity	5½	$10.63	10.63	10.75		1.0
US Smaller Cos	5½	$12.31	12.31	12.43	+0.12	1.0
European Equity	5½		13.64	13.78		
UK High Income	5	£4.70	4.70	4.72	+0.02	10.75
UK Equity	5½	£4.73	4.73	4.78	-0.02	3.0

Initial charge may alter for sales in other jurisdictions

Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F

PO Box 63, Bond Street, St. Helier, Jersey 0534 76029

INVESCO MIM International (Jersey) Ltd

PO Box 271, St Helier, Jersey

Lloyds Bank (CI) U/T Mgrs.

PO Box 195, St Helier, Jersey 0534 27561

Dealing daily

JERSEY (REGULATED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up against D-Mark

THE DOLLAR improved against European currencies in quiet foreign exchange trading yesterday. There were no fresh factors, but the US currency moved up in terms of the D-Mark on expectations that any change in German credit policy, at tomorrow's Bundesbank council meeting, is unlikely to involve an increase in the Lombard rate.

Opinions are divided on whether the Bundesbank will adjust its credit policy at the last meeting before the summer recess, but if there is a move dealers suspect it will probably involve a narrowing of the gap between the discount and Lombard rates, though an increase in the discount rate.

This would be regarded as a warning shot about rising inflationary pressure, but by not increasing the Lombard rate the central bank would not put immediate upward pressure on wholesale interest rates in Frankfurt.

News that the big four Japanese stockbroking houses had been penalised by the Ministry of Finance led to some volatile yen trading, with the currency moving in line with trends in Tokyo equity prices, as shares fell sharply before recovering. This was followed by little change in Europe. The dollar finished in London unchanged from the Tokyo close at [illegible] compared with [illegible] on Monday.

[illegible] hand the US [illegible] was firmer against most European currencies, climbing to [illegible] from DM1.8115; to [illegible] from FFr6.1450; [illegible] from SFr1.5625. The [illegible] index, on Bank of England figures, [illegible] unchanged [illegible].

Sterling held generally steady, despite speculation [illegible] a cut in UK bank base [illegible] this [illegible]. Hopes [illegible] lower [illegible] were encouraged by yesterday's figures [illegible] UK producer prices. [illegible] were towards the lower [illegible] expectations, with [illegible] factory output prices showing no change from the [illegible] level. [illegible] was the [illegible] monthly [illegible] nine [illegible] and [illegible] the year-on-year [illegible] whole-sale inflation down to 5.7 from 6.0 per cent.

Friday's retail prices index for June is expected to be slightly lower than May's annualised inflation rate of 5.8 per cent, and if the Bundesbank does not raise its Lombard rate on Thursday, present [illegible] ment points towards a possible base rate cut by the end of the week.

At last night's close sterling had fallen 55 points to $1.6225. It also declined to Y225.00 from Y226.00 and to FFr10.0025 from FFr10.0050, but was unchanged at DM2.9500 and rose to SFr2.5525 from SFr2.5450. The pound's index finished unchanged at 90.0.

Sterling slipped back below the Irish punt, to third weakest position in the European exchange rate mechanism, after gaining ground on Monday.

The Spanish peseta gained a little ground at the top of the ERM, rising to 4.88 from 4.65 per cent above the lowest placed Danish krone.

£ IN NEW YORK

July 9	Latest	Previous Close
£ Spot	1.6220-1.6230	1.6345-1.6355
1 month	0.75-0.73pm	0.77-0.75pm
3 months	1.95-1.92pm	1.96-1.93pm
12 months	5.58-5.48pm	5.55-5.45pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	July 9	Previous
8.30 am	90.1	89.9
9.00 am	90.0	90.1
10.00 am	90.0	90.1
11.00 am	89.9	90.1
Noon	89.9	90.0
1.00 pm	89.9	90.0
2.00 pm	89.0	90.1
3.00 pm	90.0	90.0
4.00 pm	90.0	90.0

CURRENCY MOVEMENTS

Jul 9	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.0	-21.1
U.S Dollar	68.2	-10.5
Canadian Dollar	106.7	+3.7
Austrian Schilling	108.2	+10.9
Belgian Franc	109.5	-3.2
Danish Krone	106.8	+1.8
D-Mark	115.4	+22.5
Swiss Franc	109.1	+18.2
Dutch Guilder	112.2	+14.7
French Franc	101.1	-14.2
Lira	97.7	-20.4
Yen	139.3	+70.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Jul 8

CURRENCY RATES

Jul 9	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling	-	0.806792	[illegible]
U.S Dollar	5.50	1.31386	[illegible]
Canadian $	8.89	1.50371	[illegible]
Austrian Sch	7	16.7517	[illegible]
Belgian Franc	7.50	49.0562	[illegible]
Danish Krone	9	9.21147	[illegible]
D-Mark	6.50	2.37993	[illegible]
Dutch Guilder	7.75	2.68159	[illegible]
French Franc	10¼	8.07498	[illegible]
Italian Lira	11½	1772.37	1529[illegible]
Japanese Yen	5.50	181.838	157.0[illegible]
Norway Krone	8	9.29687	8.016[illegible]
Spanish Peseta	-	149.940	129.134
Swedish Krona	10.00	8.61761	7.43024
Swiss Franc	6.00	[illegible]	[illegible]
Greek Drach	19	[illegible]	[illegible]
Irish Punt	-	N/A	0.767274

* Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Jul 8

OTHER CURRENCIES

Jul 9	£	$
Argentina	[illegible]	[illegible]
Australia	2.1225 - 2.1240	1.3060 - 1.3070
Brazil	[illegible]	[illegible]
Finland	7.0705 - 7.0915	4.3500 - 4.3550
Greece	[illegible]	[illegible]
Hong Kong	12.5960 - 12.6020	7.7565 - 7.7585
Iran	112.50*	70.00*
Korea(Sth)	1182.30 - 1201.40	727.40 - 733.20
Kuwait	0.47810 - 0.47820	0.29290 - 0.29390
Luxembourg	60.65 - 60.75	37.35 - 37.45
Malaysia	4.5220 - 4.5295	2.7850 - 2.7870
Mexico	4896.35 - 4902.50	3015.00 - 3016.00
N.Zealand	2.8625 - 2.8655	1.7615 - 1.7635
Saudi Ar	6.0860 - 6.0980	3.7500 - 3.7510
Singapore	2.8550 - 2.8620	1.7565 - 1.7585
S.Af (Cm)	4.6935 - 4.7045	2.8885 - 2.8900
S.Af (Fn)	5.2595 - 5.3459	3.2365 - 3.2895
Taiwan	43.95 - 44.05	27.00 - 27.05
U.A.E.	5.9588 - 5.9755	3.6720 - 3.6740

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jul 9	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.134	-3.37	4.88	58
Italian Lira	1538.24	1529.26	-0.58	1.95	33
Belgian Franc	42.4032	42.2818	-0.29	1.64	18
Dutch Guilder	2.31643	2.31294	-0.15	1.50	12
D-Mark	2.05586	2.05369	-0.11	1.46	12
Irish Punt	0.767417	0.767274	-0.02	1.37	5
Sterling	0.696904	0.697268	0.05	1.30	-2
French Franc	6.89509	6.96929	1.08	0.27	-54
Danish Krone	7.84195	7.94783	1.35	0.00	-58

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jul 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6215 - 1.6285	1.6220 - 1.6230	0.74-0.72cpm	5.40	1.93-1.90pm	4.72
Canada	1.8610 - 1.8680	1.8625 - 1.8635	0.47-0.38cpm	2.74	1.16-1.04pm	2.36
Netherlands	3.3140 - 3.3250	3.3150 - 3.3250	¾-⅝cpm	2.26	1¾-1¼pm	1.66
Belgium	60.45 - 60.80	60.65 - 60.75	15-10cpm	2.47	29-24pm	1.75
Denmark	11.3820 - 11.4270	11.3925 - 11.4025	2¼-1⅝orepm	2.04	5-3¾pm	1.36
Ireland	1.0975 - 1.1050	1.1015 - 1.1025	0.13-0.08pm	1.14	0.30-0.20pm	0.91
Germany	2.9430 - 2.9535	2.9475 - 2.9525	¾-½pfpm	2.29	1⅜-1¼pm	1.69
Portugal	255.70 - 257.65	256.50 - 257.50	82-132cdis	-5.00	232-291dis	-4.07
Spain	184.80 - 185.95	184.80 - 185.10	15-22cdis	-1.20	56-67dis	-1.33
Italy	2190.10 - 2200.40	2194.75 - 2195.75	par-1liredis	-0.27	2-4dis	-0.55
Norway	11.4860 - 11.5310	11.4900 - 11.5000	1⅛-½orepm	0.85	2⅛-1¼pm	0.59
France	9.9910 - 10.0240	9.9975 - 10.0075	1½-1¼cpm	1.65	3⅛-2⅝pm	1.17
Sweden	10.6465 - 10.6895	10.6550 - 10.6650	1⅛-⅝orepm	0.98	1⅛-⅝pm	0.35
Japan	224.50 - 225.60	224.50 - 225.50	⅞-⅝ypm	4.00	2-1⅞pm	3.44
Austria	20.69 - 20.77	20.69 - 20.72	4⅛-3⅛gropm	2.10	10⅜-8⅞pm	1.79
Switzerland	2.5400 - 2.5575	2.5475 - 2.5575	¾-⅝cpm	3.53	2-1⅞pm	2.94
Ecu	1.4310 - 1.4390	1.4315 - 1.4325	0.21-0.16cpm	1.55	0.34-0.27pm	0.85

Commercial rates taken towards the end of London trading. Six-month forward dollar 3.33-3.28cpm . 12 Month 5.55-5.45cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jul 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6215 - 1.6285	1.6220 - 1.6230	0.74-0.72cpm	5.40	1.93-1.90pm	4.72
Ireland†	1.4730 - 1.4775	1.4750 - 1.4760	0.48-0.43cpm	3.70	1.32-1.22pm	3.44
Canada	1.1460 - 1.1490	1.1470 - 1.1480	0.24-0.27cdis	-2.67	0.66-0.71dis	-2.39
Netherlands	2.0390 - 2.0465	2.0455 - 2.0465	0.53-0.56cdis	-3.20	1.56-1.61dis	-3.10
Belgium	37.25 - 37.45	37.35 - 37.45	8.40-10.40cdis	-3.02	25.00-31.00dis	-2.99
Denmark	7.0090 - 7.0290	7.0225 - 7.0275	1.80-2.10oredis	-3.33	5.30-5.90dis	-3.19
Germany	1.8100 - 1.8180	[illegible] - 1.8180	0.45-0.48pfdis	-3.10	1.37-1.40dis	-3.05
Portugal	157.85 - 158.35	[illegible] - 158.00	155-175cdis	-12.54	360-400dis	-9.62
Spain	113.80 - 114.25	[illegible] - 114.10	61-64cdis	-6.58	172-180dis	-6.17
Italy	1345.50 - 1353.25	[illegible] - 1353.25	6.10-6.60liredis	-5.63	1.76-1.86dis	-0.54
Norway	7.0700 - 7.0875	[illegible] - 7.0875	2.55-2.85oredis	-4.57	7.15-7.65dis	-4.18
France	6.1445 - 6.1675	[illegible] - 6.1675	1.96-2.02cdis	-3.87	5.45-5.55dis	-3.57
Sweden	6.5500 - 6.5760	[illegible] - 6.5725	2.30-2.55oredis	-4.43	7.05-7.50dis	-4.43
Japan	138.20 - 138.80	[illegible] - 138.65	0.15-0.17ydis	-1.39	0.45-0.47dis	-1.33
Austria	12.7440 - 12.7790	[illegible] - 12.7790	3.50-3.95grodis	-3.50	9.40-10.70dis	-3.15
Switzerland	1.5625 - 1.5730	[illegible] - 1.5730	0.24-0.27cdis	-1.95	0.67-0.72dis	-1.77
Ecu	1.1310 - 1.1345	[illegible] - 1.1320	0.39-0.37cpm	4.03	1.13-1.08pm	3.91

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Jul 9	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	12 - 11¾	11[illegible] - 11[illegible]	11[illegible] - 11[illegible]	11¼ - 11	10⅞ - 10¾	10[illegible] - 10[illegible]
US Dollar	6 - 5⅞	6[illegible] - 5[illegible]	6[illegible] - 5[illegible]	6[illegible] - 6[illegible]	6[illegible] - 6[illegible]	6[illegible] - 6[illegible]
Can. Dollar	8¼ - 8	8[illegible] - 8[illegible]	8[illegible] - 8[illegible]	8[illegible] - 8[illegible]	8[illegible] - 8[illegible]	9[illegible] - 8[illegible]
Dutch Guilder	9 - 8¾	9[illegible] - 9	9[illegible] - 9	9[illegible] - 9[illegible]	9[illegible] - 9[illegible]	9[illegible] - 9[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portuguese Esc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years [illegible]; three years [illegible]; four years [illegible]; five years [illegible] per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Jul 9	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	[illegible]	[illegible]	[illegible]	10.00	[illegible]	3.320	[illegible]	[illegible]	[illegible]	0.698
$	0.617	1	[illegible]	[illegible]	[illegible]	1.573	[illegible]	[illegible]	[illegible]	[illegible]	0.883
DM	[illegible]	[illegible]	1	[illegible]	3.390	0.865	1.125	[illegible]	0.632	20.58	0.485
YEN	[illegible]	[illegible]	13.11	[illegible]	44.44	11.34	14.76	9736	8.280	269.8	6.364
F Fr.	[illegible]	[illegible]	[illegible]	225.0	[illegible]	2.552	3.320	2195	[illegible]	60.70	1.432
S Fr.	[illegible]	0.636	[illegible]	88.17	3.918	1	[illegible]	[illegible]	0.730	[illegible]	0.561
H Fl.	0.301	0.489	0.889	67.77	3.012	[illegible]	1	661.1	0.561	18.28	[illegible]
Lira	[illegible]	0.739	[illegible]	[illegible]	[illegible]	1.163	[illegible]	1000.	0.849	27.65	[illegible]
C$	0.537	0.871	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1	[illegible]	[illegible]
B Fr.	1.647	[illegible]	[illegible]	[illegible]	16.47	[illegible]	[illegible]	[illegible]	[illegible]	100.	2.359
ECU	[illegible]	[illegible]	2.060	157.1	[illegible]	[illegible]	2.318	[illegible]	[illegible]	[illegible]	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

Slightly softer tone

RATES HAD a slightly [illegible] tone in London yesterday after UK producer price data [illegible] June came out at the lower end of market expectations.

Trading [illegible] however, [illegible] of [illegible] German [illegible] council meeting on Thursday and the UK retail prices index on Friday.

Three-month sterling inter-[illegible] to 11⅛-11 per cent from 11⅛-11[illegible] on [illegible], [illegible] 12-month [illegible] was steady [illegible].

Volume [illegible] sterling futures [illegible] low, [illegible] the [illegible] trading in a very narrow range. September delivery opened [illegible] at [illegible] and moved between 89.57 and 89.61 before closing unchanged at 89.58.

Credit remained in short supply on [illegible] market. The Bank of England initially forecast a day-to-day shortage of £950m, but revised this to [illegible] in the afternoon. Total assistance of [illegible] was provided.

In early operations the authorities bought [illegible] bills outright, by way of £6m Treasury bills in band 1 at 11⅜ per cent; £264m bank bills in band 1 at 11⅜ per cent; and £230m bank bills in band 2 at 11⅜ per cent.

Before lunch another £233m bills were purchased, via £50m bank bills in band 1 at 11⅜ per cent and £183m bank bills in band 2 at 11⅜ per cent.

In the afternoon £99m bills were bought, through £35m Treasury bills in band 1 at 11⅜ per cent and £64m bank bills in band 1 at 11⅜ per cent. Late assistance of around £90m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £742m, with exchequer transactions absorbing £125m and bank balances below target £165m. These outweighed a fall in the note circulation adding £85m to liquidity.

In Frankfurt call money eased to 8.85 from 8.90 per cent in nervous conditions ahead of [illegible] week's Bundesbank council meeting, amid speculation about a [illegible] of [illegible] point [illegible] 7 per cent [illegible] the [illegible] rate.

[illegible] liquidity [illegible] the banking system, via a 28-day [illegible] repurchase agreement tender at variable bid rates. This will offset DM25.9bn draining from the system today as an earlier [illegible] expires.

[illegible] are [illegible] at present, with [illegible] holdings relatively high and [illegible] problems expected from tax payments [illegible].

UK clearing bank base lending rate
11.5 per cent
from May 24, 1991

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE BUND FUTURES OPTIONS; LIFFE EURODMARK OPTIONS; LIFFE EURODOLLAR OPTIONS; LIFFE SHORT STERLING OPTIONS; LONDON (LIFFE): 20-YEAR 9% NOTIONAL GILT; US TREASURY BONDS 8%; 6% NOTIONAL GERMAN GOVT. BOND; 6% NOTIONAL MEDIUM TERM JAPANESE GOVT. BOND; 9% NOTIONAL ECU BOND; THREE MONTH STERLING; THREE MONTH EURODOLLAR; THREE MONTH EURODMARK; THREE MONTH ECU; THREE MONTH EURO SWISS FRANC; FT-SE 100 INDEX; FT-SE EUROTRACK 100 INDEX; CHICAGO: U.S. TREASURY BONDS (CBT) 8%; U.S. TREASURY BILLS (IMM); JAPANESE YEN (IMM); DEUTSCHE MARK (IMM); THREE-MONTH EURODOLLAR (IMM); SWISS FRANC (IMM); STANDARD & POORS 500 INDEX; PHILADELPHIA SE £/$ OPTIONS; PARIS: 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES; THREE-MONTH PIBOR FUTURES (MATIF); CAC-40 FUTURES (MATIF) Stock Index; ECU BOND (MATIF); OPTION ON [illegible] FRENCH BOND (MATIF)

[illegible]

OPTION ON [illegible] FRENCH BOND (MATIF)

Strike	Calls [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	March
102	-	-	-	0.13	[illegible]	-
103	-	-	-	0.30	-	-
104	[illegible]	-	-	0.61	[illegible]	-
105	0.55	-	-	1.09	-	-
106	0.25	-	-	[illegible]	-	-
107	0.09	-	-	-	-	-
Open int.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10,500

Estimated volume 18,239 Total Open Interest 391,214

FT LONDON INTERBANK FIXING

(11.00 a.m. July [illegible]) 3 months US dollars		6 months US dollars	
bid 6[illegible]	offer 6[illegible]	bid 6[illegible]	offer 6[illegible]

The fixing rates are the [illegible] means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and [illegible]

Lunchtime					
Prime rate	8½	One month	-	Three year	7.38
Broker loan rate	7¾	Two month	-	Four year	7.56
Fed funds	5¾	Three month	5.73	Five year	7.97
Fed funds at intervention	5¾	Six month	5.93	Seven year	8.22
		One year	6.27	10-year	8.34
		Two year	6.95	30-year	8.51

July 9	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.80-8.90	8.80-8.95	8.90-9.00	9.00-9.15	9.15-9.30	9.00
Paris	9¼-9⅜	9⅜-9½	9⅜-9½	9½-9⅝	9⅜-9½	9.25
Zurich	7⅝-7¾	7⅝-7¾	-	7¾-8	-	-
Amsterdam	8.90-9.05	9.03-9.08	-	9.15-9.20	-	-
Tokyo	7⅛-7¼	7⅛-7¼	-	7[illegible]-7[illegible]	-	-
Milan	10¾-11	11⅝-12	-	11⅝-12	-	-
Brussels	8.87-8.88	9[illegible]-9⅛	-	9⅛-9¼	-	-
Dublin	8¾-9	9⅝-10	9⅝-10	9⅝-10	9⅝-10	-

LONDON MONEY RATES

Jul 9	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	12	11¾	11½	11⅛	10⅞	10¾
Interbank Bid	5	11½	11¼	11	10¾	10⅝
Sterling CDs	-	-	11⅜	11⅛	10¾	10[illegible]
Local Authority Deps.	12	11[illegible]	11¼	11[illegible]	10[illegible]	10¾
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	11⅜	11⅜	11⅜	10⅞	-	-
Company Deposits	-	-	11[illegible]	11⅜	10⅞	10[illegible]
Finance House Deposits	-	-	11¾	11⅜	10[illegible]	10¾
Treasury Bills (Buy)	-	-	11[illegible]	10⅞	10½	-
Bank Bills (Buy)	-	-	11[illegible]	10[illegible]	10[illegible]	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	6.04	6.15	6.45	6.88
SDR Linked Dep. Offer	-	-	7[illegible]	7[illegible]	7[illegible]	8
SDR Linked Dep. Bid	-	-	7[illegible]	7[illegible]	7[illegible]	7¾
ECU Linked Dep. Offer	-	-	9[illegible]	10⅛	10⅛	10[illegible]
ECU Linked Dep. Bid	-	-	9[illegible]	9[illegible]	10	9[illegible]

Treasury Bills (sell): one-month 10[illegible] per cent; three months 10[illegible] per cent, six months 10 per cent; Bank Bills (sell): one-month 11 per cent; three months 10[illegible] per cent; Treasury Bills; Average tender rate of discount 10.6714 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day June 28, 1991. Agreed rates for period July 24, 1991 to August 25, 1991, Scheme I: 12.50 p.c., Schemes II & III: 12.53 p.c. Reference rate for period June 1, 1991 to June 28, 1991, Scheme IV&V: 11.295 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ from July 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 10½ per cent; three-six months 10 per cent; six-nine months 9½ per cent; nine-twelve months 9½ per cent; Under £100,000 8 per cent from May 28, 1991. Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
ABN Bank	11.5	Comm. Bk. of London Plc	11.5	McDonnell Douglas Bk.	11.5
Adam & Company	11.5	Co-operative Bank	11.5	Midland Bank	11.5
Allied Trust Bank	11.5	Coutts & Co	11.5	Mount [illegible]	11.5
AIB Bank	11.5	Cyprus Popular Bk	11.5	NatWestminster	11.5
● Henry Ansbacher	11.5	Dunbar Bank PLC	11.5	Northern Bank Ltd	11.5
B & C Merchant Bank	11.5	Duncan Lawrie	11.5	Nykredit Mortgage Bank	12
Bank of Baroda	11.5	Equatorial Bank plc	11.5	Provincial Bank PLC	14
Banco Bilbao Vizcaya	11.5	Exeter Bank Limited	12	Roxburghe Bank Ltd.	12.5
Bank of Cyprus	11.5	Financial & Gen. Bank	12	Royal Bk of Scotland	11.5
Bank of Ireland	11.5	First National Bank Plc.	14	● Smith & Williamson Secs.	11.5
Bank of India	11.5	● Robert Fleming & Co.	11.5	Standard Chartered	11.5
Bank of Scotland	11.5	Robert Fraser & Ptnrs.	12	TSB	11.5
Banque Belge Ltd	11.5	Girobank	11.5	Udbank plc	11.5
Barclays Bank	11.5	● Guinness Mahon	11.5	● United Bk of Kuwait	11.5
Beechmark Bank	11.5	● Hambros Bank	11.5	Unity Trust Bank Plc	11.5
Brit Bk of Mid East	11.5	Hampshire Trust Plc	13.5	Western Trust	11.5
● Brown Shipley	11.5	Heritable & Gen Inv Bk.	11.5	Westpac Bank Corp.	11.5
CL Bank Nederland	11.5	● Hill Samuel	11.5	Whiteaway Laidlaw	11.5
Citibank NA	11.5	C. Hoare & Co.	11.5	Yorkshire Bank	11.5
City Merchants Bank	11.5	Hongkong & Shanghai	11.5		
Clydesdale Bank	11.5	● Leopold Joseph & Sons	11.5		
		Lloyds Bank	11.5		
		Meghraj Bank Ltd	11.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

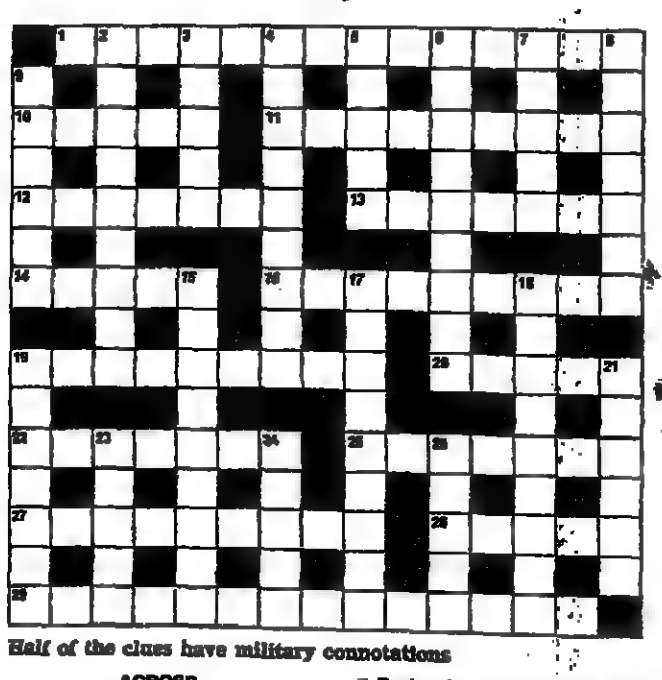
[illegible]

NOTES – Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for the deduction of basic rate income tax. Gross CAR: Gross rate expressed to take account of compounding of interest paid other than once a year. Frequency: Interval at which interest is credited to the account.

JOTTER PAD

CROSSWORD

No.7,590 set by FETTLER



Half of the clues have military connotations

ACROSS

1 [illegible] battle [illegible] if [illegible] (7-7)
9 16 PM (5)
11 Air-bridge transported senior officer (9)
12 [illegible] RI coming in later (7)
13 Common? This soldier isn't (7)
14 Jerks is what some called GIs (5)
16 Military bearing of RE, [illegible] idly built [illegible]
[illegible] Father in prayer, died without hope (9)
[illegible] A sea-perch, one with mouth wide open (5)
22 Counts local anaesthetics (7)
25 [illegible] can [illegible] red, white or blue (7)
27 [illegible] consumes [illegible] biscuit (9)
28 RAF crash, having flown in Portugal (5)
29 NCOs cut cloth workers (5-9)

DOWN

2 Military bureaucrats process junta's data endlessly (9)
3 Regiments run less commonly (5)
4 Spray blue rinse all over the place (9)
[illegible] Boasting, lacking [illegible] leaves one in this state (5)
[illegible] Woman in cast is showing off (9)
[illegible] Barker is more cunning, less backward (5)
8 Marsupial meeting, we hear, in the outback (7)
[illegible] Fawning [illegible] follows sergeant-major [illegible]
[illegible] Military command, fit to be pliant (9)
17 Catching stocking, climbing in this way (9)
18 A right pungent mixture is disgusting (9)
19 One glad when weaving kind of tweed (7)
21 Signer might do it in writ[illegible]
23 Idiot's right in the middle of daydream (5)
24 Alleviate hail (5)
26 Partitions paste mix (5)

Solution to Puzzle No.7,589

WORLD STOCK MARKETS

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

FRANCE (continued)

GERMANY

GERMANY (continued)

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWEDEN (continued)

SWITZERLAND

SOUTH AFRICA

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

MALAYSIA

SINGAPORE

JAPAN

Price data supplied by Telekurs.

CANADA

TORONTO

3:15 pm prices July 9

Quotations in cents unless marked $

MONTREAL

3:00 pm prices July 9

Total Sales 8,989,100 shares

INDICES

NEW YORK

DOW JONES	July 8	July 5	July 4	July 3	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2961.99	2932.47	(c)	2934.70	3035.33 (3/6)	2470.30 (9/1)	3035.33 (3/6/91)	41.22 (2/7/32)
Home Bonds	94.27	94.45	(c)	94.42	95.09 (30/5)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1211.74	1195.70	(c)	1187.06	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	198.00	197.56	(c)	197.37	220.89 (16/4)	196.87 (28/6)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2966.23 (2953.26) Low 2897.36 (2917.71)

STANDARD AND POOR'S	July 8	July 5	July 4	July 3	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	377.94	374.08	(c)	373.33	390.45 (17/4)	311.49 (9/1)	390.45 (17/4/91)	4.40 (1/6/32)
Industrials	451.20	446.19	(c)	445.30	463.23 (18/4)	364.90 (9/1)	463.23 (18/4/91)	3.62 (21/6/32)
Financial	29.18	28.94	(c)	28.79	31.58 (18/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	206.73	204.92	(c)	204.47	213.21 (17/4)	170.97 (9/1)	213.21 (17/4/91)	4.46 (25/4/42)
Amex Mkt. Value	359.87	359.41	(c)	358.41	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	479.51	474.05	(c)	474.32	511.31 (17/4)	355.75 (14/1)	511.31 (17/4/91)	54.87 (31/10/72)

	July 5	June28	June21	year ago (approx.)
Dow Industrial Div. Yield	3.14	3.16	3.07	3.71

	Jul 3	Jun 26	Jun 19	year ago (approx.)
S & P Industrial div. yield	2.81	2.83	2.80	2.96
S & P Indl. P/E ratio	18.77	18.68	18.85	16.95

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Wal-Mart	1,722,700	45⅝	+ 1⅛
Pepsico	1,451,500	29⅞	+ ⅛
IBM	1,390,100	100½	+ 1⅞
Philip Morris	1,331,800	66¾	+ 1⅛
Fannie Mae	1,309,100	51¼	+ 1⅝
RJR Nabisco	1,260,800	10½	—
Gen Motors	1,228,100	40¾	+ ¼
Adv Micro	1,185,800	11½	+ ⅛
Am T&T	1,181,400	39⅛	+ ⅛
Gen Electric	1,096,100	74⅞	+ 1¼

TRADING ACTIVITY

† Volume Millions	July 8	July 5	July 4
New York SE	138.210	69.790	(c)
Amex	9.751	5.130	(c)
NASDAQ	121.787	56.256	(c)
NYSE			
Issues Traded	2,061	1,941	-
Rises	891	795	-
Falls	633	548	-
Unchanged	537	598	-
New Highs	34	20	-
New Lows	14	11	-

CANADA

TORONTO	July 8	July 5	July 4	July 3	1991 HIGH	1991 LOW
Metals & Minerals	3156.35	3160.20	3177.90	3155.08	3284.18 (5/3)	2632.06 (9/1)
Composite	3488.81	3482.21	3485.45	3479.07	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1852.68	1848.60	1846.08	1837.94	1903.86 (7/6)	1686.89 (9/1)

Base values of all Indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	July 9	July 8	July 5	July 4	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1538.8	1525.7	1536.1	1523.9	1598.3 (29/4)	1204.5 (16/1)
All Mining (1/1/80)	687.8	678.5	679.4	670.2	687.8 (9/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	492.17	486.43	480.35	478.13	534.81 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1146.59	1141.95	1150.00	1154.98	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	374.31	372.85	373.69	371.51	374.31 (9/7)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	970.9	965.3	962.7	955.0	1106.9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	462.12	458.79	457.89	460.67	494.95 (12/6)	394.88 (15/1)
CAC 40 (31/12/87)	1734.45	1714.30	1725.14	1708.65	1874.83 (11/6)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	681.96	677.53	682.83	680.93	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1921.9	1908.8	1925.5	1920.9	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1627.63	1605.04	1618.91	1616.11	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3904.19	3880.73	3892.71	3850.71	3937.89 (20/5)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1366.56	1361.34	1360.09	1362.29	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	573.95	572.78	570.40	567.86	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	22608.96	22176.17	22898.34	23139.61	27146.91 (18/3)	22176.17 (8/7)
Tokyo SE (Topix) (4/1/68)	1752.98	1729.91	1783.23	1796.98	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	3013.44	3045.15	3138.88	3165.72	3423.45 (18/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	603.22	604.84	608.04	606.01	635.82 (27/5)	470.41 (16/1)
NETHERLANDS						
CBS Tll.Rtn.Gen.(End 1983)	276.4	273.4	276.5	276.9	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	197.0	194.8	197.0	197.3	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	764.72	756.20	758.87	754.38	792.13 (4/6)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	1001.08	1027.08	1063.83	1094.17	1183.49 (29/5)	982.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	394.87	391.67	396.49	395.24	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1426.0	1466.0	1469.0	1443.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	3949.0	3907.0	3895.0	3864.0	3949.0 (9/7)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	614.42	617.30	614.58	603.37	697.52 (4/1)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	268.79	268.93	273.01	274.26	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1132.2	1127.2	1132.2	1130.1	1137.8 (19/6)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	749.2	744.6	752.1	749.1	766.1 (31/5)	590.4 (14/1)
SBC General (1/4/87)	619.8	616.0	621.3	621.0	630.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	5303.88	5318.01	5591.96	5607.21	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	714.27	726.34	716.29	712.57	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (§)	484.2*	480.8	483.0	482.1	529.2 (17/4)	409.1 (16/1)

**Saturday July 6: Taiwan Weighted Price: 5412.61 Korea Comp Ex. 610.43.
§ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all Indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Tuesday 9 July 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Clarion	7.8m	940	+40	Hitachi Zosen	5.8m	595	+15
Nippon Steel	7.1m	415	+10	M'bishi Mater'ls	5.4m	685	+25
Mitsubishi Heavy	6.4m	730	+19	Hitachi	4.8m	1,170	+50
Akai Electric	6.2m	1,090	+70	Nomura Sec.	4.4m	1,690	+90
Kitano Const.	6.1m	1,950	+90	Kurabo Ind.	4.2m	785	+15

3:15 pm prices July 9

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	9¼	AAR Corp	0.48	0.03	16	132	15	14⅞	15	
18¾	14½	A L Labs A	0.18	0.01	17	46	15⅞	15⅝	15⅝	-⅛
55½	40⅞	AMP Inc	1.44	0.03	20	1686	53⅞	53½	53¾	
65⅝	44¼	AMR				194241	66⅞	65⅞	66⅛	+½
2⅝	1¼	ARX			1	66	1⅝	1½	1⅝	+¼
54⅞	41½	ASA	3.50	0.06	15	997	54⅛	53⅞	54⅛	-⅛
54	39¼	Abbott Lab x	1.00	0.02	22	2235	52	51⅞	51½	-⅛
14½	9⅞	Abitibi Pr x	0.50	0.04	25	6	13⅞	13⅞	13½	
11⅝	10⅝	ACM Gvt In x	1.28	0.11		868	11⅛	11	11	-⅛
9¾	6⅝	ACM GvOpp x	1.01	0.17		66	9⅛	9⅛	9⅛	
9¾	8¼	ACM Gvt Sp x	1.01	0.11		213	9	8⅞	8⅞	-⅛
11	9⅞	ACM Gvt Sc	1.28	0.12		1268	10⅝	10⅝	10½	
8⅞	7⅝	ACM Man x	1.01	0.12		159	8¼	8⅛	8⅛	-⅛
12⅞	11½	ACM Mncpl x	1.35	0.11		153	12⅛	12	12	
7½	4¼	Acme Cleve	0.40	0.07	14	130	6⅛	6	6	-⅛
6	3½	Acme Elect			37	127	3⅞	3⅛	3⅞	-⅛
40	22¾	Acuson			23	763	32⅞	31⅞	31⅞	-⅞
18½	14¼	Adams Expr	0.72	0.04	9	110	18	17⅞	18	+⅛
20⅛	18	Adobe12P1	2.40	0.13		24	19⅛	18⅞	18⅞	-⅛
9¼	6⅛	Adobe Res			20	71	7⅛	6⅞	6⅞	-⅛
38⅞	18	Ad Micro				24	35	34½	35	+½
14¼	4⅞	Ad Micro P	3.00	0.25	13	1086	12⅛	11⅞	12	+½
5⅛	2¼	Advest Grp	0.16	0.04	5	93	4⅞	4⅛	4⅛	-⅛
49⅛	33⅞	Aetna Lf	2.76	0.07	8	1246	41⅝	41¼	41⅝	+⅛
10⅝	6⅝	AGIII A	0.24	0.03	36	129	9	8⅞	9	
20¼	12	Ahmanson	0.88	0.05	10	550	18⅛	18	18⅛	+⅛
12¼	2⅞	Aileen Inc			16	205	u12⅛	12	12⅛	

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
21¼	14¼	Xtra 1.94				105	20⅞	20⅞	20⅞	+⅛
24⅞	14¼	Xtra Corp	0.72	0.03	246	84	24⅝	24	24⅝	+⅝
24¼	21⅝	Yankee Egy	1.60	0.07	12	35	22½	22⅜	22⅜	−⅛
1½	⅝	Zapata			0	133	1⅛	1	1⅛	+⅛
9⅝	6¼	ZenithElec			2	234	6⅞	6⅝	6⅝	−⅛
18½	12	Zenith Nat	1.00	0.06	70	21	16⅞	16⅞	16⅞	
6⅛	4½	Zenix Inc	0.99	0.16		31	u6⅛	6⅛	6⅛	+⅛
15⅛	10⅞	Zero Corp	0.40	0.03	15	153	14	13⅝	14	+¼
41⅞	29½	Zurn Ind	0.88	0.02	14	419	35⅞	35¼	35⅞	
13½	10¼	Zweig Fund x	1.12	0.09		163	12⅝	12⅜	12½	+⅛
10	8½	Zweig Tot x	0.96	0.10		275	9⅞	9¾	9⅞	+⅛

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices July 9

NASDAQ NATIONAL MARKET

3:15 pm prices July 9

AMERICA

Two-way pull on equities leaves Dow flat

Wall Street

US stock prices moved in a tight range on either side of opening values yesterday morning, as the overnight rally in Tokyo and concern about second quarter corporate earnings pulled the market in both directions, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones was up 0.67 at 2,962.66. The more broadly-based Standard & Poor's moved in equally listless fashion, easing 0.09 to 377.85 by 1 pm. The Nasdaq composite index of over-the-counter stocks, however, rose 5.22 to 484.73 in the wake of a heavily-bought technology sector. Turnover on the New York SE was 88m shares, while risers outpaced decliners by 769 to 643.

Although the recovery in Japanese share prices had been expected to give New York trading an early boost, investors appeared reluctant yesterday to buy stocks in large numbers ahead of what could prove to be another difficult reporting season.

Moreover, another rise in long-term bond yields gave the market further cause to stay its hand until more evidence of an economic recovery is available.

Once again secondary technology stocks stood out. Intel led the way, rising $1⅝ to $45¾ on turnover of more than 2m shares, followed by Apple Computer, up $1¼ at $48, Microsoft, up $1⅝ at $68⅝, and Sun Microsystems, $1⅝ higher at $30⅝.

In recent weeks the sector has been sold steadily on worries about profitability, and yesterday, as on Monday, investors went in search of bargains among technology stocks.

There was similar strength in technology issues listed on the Big Board, with Digitial Equipment up $1⅛ at $65⅛, Hewlett-Packard $1¼ better at $54⅝, and IBM $⅛ firmer at $100⅝.

In contrast, Tandem Computers fell $⅝ to $14¼ after an analyst at Montgomery Securities, the broking house, lowered his earning estimate for the company's recently completed fiscal third quarter.

Safeway rose $¾ to $18¾ after the supermarket chain reported second quarter profits of 31 cents a share, up from the 25 cents a share earned a year ago, and at the top end of market forecasts. Dow Jones, the financial information group, rose $⅝ to $28½ on news of static second quarter earnings.

Nike climbed $2¾ to $41¼ in response to the company's statement that it was comfortable with analysts' estimates that its profit for the whole of 1991 will be between 14 per cent and 20 per cent higher than in 1990.

There was a big decline in Fibronics International on the over-the-counter market, the shares losing $1⅝ to $5¾ after the company said that second quarter revenue could be as much as one-fifth lower compared to a year ago.

Halliburton eased $⅛ to $36⅝ on the news that the engineering and construction group will lay off 1,200 workers because of an expected 41 per cent drop in second quarter income.

Canada

TORONTO blue chips edged off the day's highs at midday while the rest of the market was mixed. The composite index gained 11.8 to 3,500.6. Declines narrowly led advances by 190 to 188 on volume of 12.67m shares.

Traders liked the tone of the session. "In a bull market, the market always sells down at lunchtime," said Mr Rolie Bradley, an institutional salesman with Maison Placements Canada Inc.

SOUTH AFRICA

INDUSTRIALS rose to a record high on optimism that the US would lift its sanctions. The industrial index gained 42 to 3,949 in spite of a stronger financial rand. Golds fell back on easier bullion prices: the all-gold index fell 40 to 1,426.

Interest rates and privatisation depress Indonesia

Latin America provides relief as most emerging markets retreat in June, writes **Jacqueline Moore**

THE WORLD's emerging stock markets, in common with their more mature counterparts, were in retreat last month. The only significant winners were in Latin America, while the losers were spread around the rest of the globe.

The biggest fall in dollar terms last month, according to figures from the International Finance Corporation (part of the World Bank), was in Indonesia. Mr Peter Bristowe of Hoare Govett pinpoints two reasons for the decline: the absence of domestic investors, who have been tempted by the high interest rates of 25 to 26 per cent to put their money on bank deposit; and an overhang of new issues, which have *soaked up liquidity.*

The debut on Monday of Semen Gresik has further discouraged investors; the newly privatised cement company fell *19 per cent below its offer price* on Monday and dropped 10.7 per cent yesterday.

The market could receive a boost in the medium term from the government's plans to deregulate domestic pension funds and banks, says Mr Bristowe. But he adds that foreign funds seem in no rush to move back into a market which has halved since April last year.

Falling almost as quickly as Indonesia, Greece has followed last year's 89.5 per cent advance in dollar terms with a decline this year of 21.3 per cent. This has been exceeded only by a 44.6 per cent plunge in neighbouring Turkey.

Greece is not expected to enjoy another climb like 1990's for some time, according to Credit Suisse First Boston (CSFB), in its European Strategy document on the Athens Stock Exchange. "The reason for this is a temporary lack of foreign investors and subdued demand from local investors," it says.

Foreign *involvement* seems to be vital for the Greek bourse. As CSFB points out: "A good part of the rally in the first half of 1990 was *fuelled* by foreign funds. Brokers estimate that, at the peak, up to 40 per cent of stock market volume was transacted by foreigners. After the invasion of Kuwait, foreign inflows slowed to about 20 per cent of stock market volumes."

However, CSFB believes that now could be the moment for foreigners to move back in. "We think it is now time to build up a portfolio of quality Greek equities while the foundations for a recovery in the Greek economy are being laid and foreign investors are still on the sidelines," it says, adding that it would buy the market at around the 900 level on the Athens general index. Yesterday the index moved ahead 13.10 to 938.52.

While Europe and Asia were in the doldrums in June, Latin America was mixed. Chile was the outright winner, rising 14 per cent in dollar terms.

Last month, the Chilean government reduced import tariffs and revalued the peso – moves that were welcomed by *the market, says Baring Securities* in its weekly Latin American market summary. "The Santiago market has reached new highs . . . on good volumes *following* the measures introduced by the government," it claims.

"Since the end of April it has hardly stopped for a breather. This performance is surprising in that there has been little or no news to *stimulate* the market, and many locals were nervous of the level of the market even before this last rise started."

Baring adds that the driving *force* seems to have been the local pension funds, which increased their equity holdings significantly in June. However, it warns that liquidity is *looking stretched*: "Despite the higher volumes the market is still only turning over around 7 per cent of the total market capitalisation (on an annualised basis), which means that there are now several large institutional investors chasing very few shares."

IFC EMERGING MARKETS PRICE INDICES

Market	No. of stocks	June 28 1991	% Change over 4 weeks (Dollar terms)	% Change on Dec '90 (Dollar terms)	June 28 1991	% Change over 4 weeks (Local currency terms)	% Change on Dec '90 (Local currency terms)
Latin America							
Argentina	(29)	456.87	−8.1	+74.7	25,269,653	−7.6	+207.5
Brazil	(67)	95.44	−1.8	+138.4	9,133,173	+7.9	+363.0
Chile	(35)	1,360.32	+14.3	+67.4	3,656.54	+16.3	+72.9
Colombia	(20)	306.32	+6.6	+6.4	1,690.90	+8.3	+27.8
Mexico	(56)	1,132.28	−2.9	+55.8	17,676.43	−2.3	+59.5
Venezuela	(18)	464.21	−6.9	−8.1	3,385.60	−6.0	+1.1
East Asia							
Korea	(77)	268.88	−1.7	−14.9	253.02	−1.7	−13.8
Philippines	(30)	1,302.29	−7.2	+50.1	1,782.74	−7.3	+49.2
Taiwan, China	(70)	775.41	+0.1	+20.4	526.96	−0.2	+21.3
South Asia							
India	(60)	237.36	−5.3	+0.1	403.24	−3.3	+16.6
Indonesia§	(66)	79.29	−12.9	−18.6	86.04	−12.7	−16.0
Malaysia	(62)	150.95	−2.2	+20.3	173.38	−1.2	+23.5
Thailand	(43)	318.37	−6.3	+9.0	301.99	−5.8	+10.9
Europe/Middle East							
Greece	(32)	416.65	−11.6	−21.3	642.60	−7.8	−1.9
Jordan	(25)	94.91	+0.5	+5.4	169.25	−0.7	+10.5
Portugal†	(30)	423.14	−6.2	−6.4	429.11	−1.1	+7.9
Turkey‡	(25)	100.39	−4.7	−44.6	584.37	+1.2	−19.2

Source: International Finance Corporation. Base date: Dec 31, 1984. §Dec 1989=100. †Jan 1986=100. ‡Dec 1986=100.

ASIA PACIFIC

Nikkei recoups some losses after drop below 22,000

Tokyo

TRADERS gave sighs of relief yesterday as share prices rebounded from a weak opening to recoup some of the heavy losses incurred on Monday, *writes Emiko Terazono in Tokyo.*

The Nikkei average closed 432.79 higher at 22,608.96, after fluctuating between a low of 21,731.15 and a high of 22,668.48. The index fell below 22,000 for the first time since December 4 last year in the morning session, but a recovery in the futures markets prompted bargain hunting by investment trusts and financial *institutions later in the day.*

Volume rose to 450m shares from 300m. Advances led declines by 556 to 366, with 139 issues unchanged. The Topix index of all first section stocks regained 23.07 to 1,752.98, and in London the ISE/Nikkei 50 index put on 1.95 to 1,367.95.

Foreign investors and financial institutions were buyers after the Nikkei went below 22,000. Mr Bill Wilder, director of research at Schroder Securities, said the market was likely to *find support around that* level. "Most of the bad news seems to be behind us," he added.

Rumours that a foreign brokerage had started to build positions in call options and had sold put options also improved sentiment.

Issues which had been heavily sold on Monday rallied on bargain hunting. High-priced small-capitalised stocks were some of the main winners. *TDK moved up Y270 to* Y6,290 and Sony Y200 to Y6,410.

Foreigners sought international blue chips. NEC advanced Y70 to Y1,480 and Fujitsu Y50 to Y1,070. Precision instrument manufacturers such as Canon, which rose Y30 to Y1,540, encountered buying by financial institutions and investment trusts.

Large-capital issues were also stronger on buying by foreign brokerages. Nippon Steel rose *Y10 to Y415 and Mitsubishi* Heavy Industries moved ahead Y19 to Y710.

Brokerages, which fell heavily last week on the various scandals, rebounded on bargain hunting. Nomura Securities recovered Y90 to Y1,660 and Nikko Securities Y58 to Y869.

Speculative stocks, which were sold on rumours of a large stock speculator's bankruptcy on Monday, regained *support. Issues on the Tokyo* Stock Exchange's watch list were among the most active stocks of the day. Clarion, a car audio maker, gained Y40 to Y940 and Akai Electric, a medium-sized audio maker, climbed Y70 to Y1,090.

In Osaka, the OSE average fell 250.32 to 24,941.57 in spite of the Nikkei's rally. Volume rose slightly to 21.9m shares. The OSE said that trading volume for the Big Four brokerages fell 2.8 per cent in June, *declining for the fourth month.*

Roundup

TOKYO continued to be the main influence on most markets in the Asia Pacific region yesterday.

AUSTRALIA followed Tokyo higher, on demand from local institutions and European investors. The All Ordinaries index rose 13.1 to 1,538.8, while a pick-up in commodity prices continued to boost resource stocks. The gold shares index gained 30.0 to 1,162.2.

HONG KONG was also swayed by the Tokyo market. The Hang Seng index closed 23.46 up at 3,904.19, after reaching an early low of about 3,840. Turnover decreased to HK$1.85bn from HK$2.59bn.

SINGAPORE rebounded from early weakness, but finished below the day's best after moderate trading. The Straits Times Industrial index closed *10.25 up at 1,463.92, after reaching* 1,466.94. Turnover came to S$93m, a little short of Monday's level.

NEW ZEALAND, not convinced by Tokyo's higher close, fell 1.2 per cent. The Barclays index, which is to be phased out at the end of September, dropped 17.07 to 1,458.09, while the new NZSE-40 index lost 17.15 to 1,458.01. Turnover was moderate at NZ$15.3m, but up from NZ$8.7m.

Fletcher Challenge receded 9 cents to NZ$3.76 on volume of 1.2m shares amid worries about a rumoured acquisition in Chile, and about results due next month.

MANILA weakened 2.5 per cent as the transport strike affected domestic trading, and foreign investors continued to sell. The composite index lost 26.00 to 1,001.08.

Ayala Land, listed on Friday, lost 1.75 pesos at 23.75 pesos, after touching a low of 23 pesos. The shares had been offered at 26 pesos each.

BANGKOK was again dominated by trading in two property stocks, which accounted for more than 40 per cent of volume, ahead of going ex-rights in the next couple of weeks.

The SET index declined 12.07 to 714.27 on turnover of 3.9bn baht. Tanayong fell 8 baht to 436 on turnover of 1.04bn baht – or 26.5 per cent of total volume – and Krisda Mahanakorn lost 6 baht to 384 in trading worth 554m baht.

JAKARTA remained under pressure as Semen Gresik, the newly privatised cement company, fell 600 to 5,050 rupiah. The index shed 6.06 to 332.25.

EUROPE

Continent cheered by recovery in Tokyo

BLUE CHIPS led a rebound in Europe yesterday, inspired by the recovery in Tokyo and a firm start on Wall Street, but turnover levels remained low, *writes Our Markets Staff.*

FRANKFURT recovered on short-covering. Blue chips saw most of the benefit, the DAX *index closing 22.59, or almost* 1.5 per cent, higher at 1,627.63, after a 4.43 rise to 681.96 in the FAZ at midsession. But volume only improved from DM3.6bn to *DM4bn.*

Ms Barbara Altmann of B Metzler said that there had been some modest foreign buying, possibly because the DAX had not fallen below 1,600. A range of 1,580 to 1,620 had been suggested during its recent consolidation phase.

News at midsession of an agreement to cut subsidies by DM9.75bn within the 1992 federal government budget also lifted share prices.

Among individual *stocks* Schmalbach-Lubeca, the canning and bottling company, hit a year's high of DM495, up DM5, and its parent company, Viag, *rose DM9.50 to DM393.50.* The price of aluminium is important to both; on Monday Billiton-Enthoven Metals forecast that the average price of aluminium would rise from a projected 64 cents in 1991 to 75-80 cents in 1992.

PARIS joined in the general rally, as the CAC 40 index rose 20.15 or 1.2 per cent to 1,734.45. Turnover, however, remained subdued, with FFr1.6bn traded in the CAC 40 stocks after *Monday's overall FFr2.1bn.*

Buying focused on blue chips, with Générale des Eaux rising FFr49 to FFr2,409, UAP FFr11 to FFr506 and Alcatel Alsthom FFr8 to FFr558.

Cap Gemini Sogeti (CGS), the computer services company, rose another FFr12.20 or 3.8 per cent to FFr333.20, following Monday's news of talks with *Daimler Benz.*

AMSTERDAM was swept higher by Frankfurt and London, but most of the volume came from professional short-covering. The CBS Tendency index added 1.2 to 92.8.

Océ van der Grinten, the photocopier group, jumped Fl 3.50 to Fl 52 after reporting first-half profits well above expectations. Boskalis, the dredging group, added 90 cents or 4.9 per cent to Fl 19.40 on reports that it could win some of the contracts for Hong Kong's new airport.

MILAN shed the bulk of its early gains on a lack of follow-through buy orders. Short-*covering ahead of the end of* the July account next week boosted shares at the start of the session. The Comit index rose 1.17 to 578.95 in volume estimated at little more than Tuesday's L74bn.

Pirelli rose on the belief that its takeover bid for Germany's Continental might go ahead now that the German company had appointed a new chief executive. The share closed L44 up at L1,969, but slipped to L1,960 after hours.

In the telecommunications sector, Stet savings shares slipped almost 2 per cent to *L1,805.* The placement of 175m non-voting savings shares is due to be priced this week.

The Ferruzzi group was dogged by fears of the liquidation terms being sought by Mr Raul Gardini, ousted from the presidency last month. Ferruzzi Finanziaria fell 3 per cent or L65 to L2,100.

MADRID was barely changed after the previous day's sharp fall. The general index eased 0.14 to 268.79.

Construction *stocks* were weak on fears of cuts in infrastructure spending. Cubiertas fell Pta600 to Pta16,400 and Dragados dropped Pta80 to Pta2,485. However, Vallehermoso, the property company which had been weak since announcing a Pta12bn convertible bond issue a month ago, gained Pta65 to Pta2,860.

ZURICH's Crédit Suisse index rose 4.7 to 535.7, but volume was low.

FT-SE Eurotrack 100 - Jul 9

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1100.21	1098.74	1099.41	1100.28	1101.49	1102.16	1102.44	1102.41

Day's High 1102.88 — Day's Low 1098.59

Jul 8	Jul 5	Jul 4	Jul 3	Jul 2
1090.75	1098.71	1099.95	1095.64	1109.86

Base value 1000 (26/10/90)

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock	MONDAY JULY 8 1991: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	FRIDAY JULY 5 1991: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 1991 High	1991 Low	Year ago (approx)
Australia (70)	141.64	−0.6	128.99	124.23	133.40	122.94	−0.7	5.22	142.44	130.68	124.57	135.28	123.77	147.30	112.74	151.65
Austria (20)	175.53	+2.9	159.85	153.96	165.32	165.32	+1.8	1.67	170.63	156.54	149.23	162.03	162.35	222.37	167.00	264.09
Belgium (49)	124.95	+0.8	113.79	109.58	117.67	114.93	−0.1	5.73	123.97	113.73	108.47	117.72	115.10	151.20	121.73	151.97
Canada (115)	138.47	+0.1	126.11	121.44	130.40	114.81	+0.2	3.39	138.36	126.93	120.99	131.37	114.56	142.27	126.49	137.88
Denmark (37)	242.30	+0.4	220.65	212.52	228.20	230.93	−0.2	1.53	241.40	221.47	211.11	229.23	231.47	270.56	217.74	261.91
Finland (16)	93.51	+2.2	85.16	82.02	88.07	84.90	+1.4	2.84	91.48	83.93	80.01	86.87	83.74	125.15	90.00	135.60
France (114)	122.29	+0.1	111.37	107.25	115.17	117.88	−0.6	3.75	122.20	112.12	106.86	116.03	118.61	152.26	120.60	158.66
Germany (65)	103.49	+0.0	94.25	90.78	97.46	97.46	−0.8	2.30	103.46	94.92	90.50	98.25	98.25	125.35	102.03	138.82
Hong Kong (55)	162.00	−0.1	147.58	142.11	152.60	161.46	−0.1	4.80	162.14	148.76	141.80	153.98	161.69	162.14	119.62	140.90
Ireland (18)	141.76	−0.6	129.10	124.34	133.51	136.01	−1.8	3.78	142.93	131.13	125.00	135.72	137.24	162.46	132.88	190.57
Italy (77)	72.21	+1.3	65.76	63.33	68.00	72.72	+0.5	3.22	71.28	65.40	62.33	67.68	72.33	88.23	70.54	105.27
Japan (474)	121.71	−3.1	110.84	106.74	114.64	106.74	−2.8	0.79	125.62	115.25	109.86	119.30	109.86	146.97	118.35	149.43
Malaysia (68)	226.21	−0.8	206.01	198.39	213.04	242.72	−1.1	2.70	228.04	209.22	199.42	216.54	245.35	247.78	192.83	235.45
Mexico (16)	1044.67	−1.1	951.36	916.24	983.87	3444.27	−1.1	1.56	1056.61	969.38	924.04	1003.35	3483.62	1079.72	534.45	603.14
Netherland (31)	129.86	−0.3	118.26	113.90	122.31	120.85	−1.2	4.44	130.27	119.51	113.92	123.70	122.27	145.73	125.70	141.55
New Zealand (13)	48.44	+0.3	44.12	42.49	45.63	45.24	+0.0	7.75	48.32	44.33	42.26	45.88	45.23	54.64	41.16	66.70
Norway (32)	187.28	+0.3	170.55	164.26	176.38	179.78	−0.4	1.63	186.76	171.34	163.33	177.35	180.55	223.24	182.24	238.36
Singapore (38)	187.63	−0.9	170.87	164.57	176.71	152.31	−1.2	2.25	189.35	173.72	165.59	179.80	154.10	208.25	151.63	203.22
South Africa (61)	240.94	+0.9	219.42	211.31	226.91	172.97	+0.7	3.16	238.89	219.17	208.92	226.85	171.76	240.94	173.00	178.25
Spain (55)	141.20	−1.1	128.59	123.84	132.98	121.94	−1.5	4.39	142.71	130.92	124.80	135.51	123.84	171.12	131.61	176.28
Sweden (26)	185.30	+0.1	168.75	162.52	174.52	179.88	−0.5	2.51	185.03	169.75	161.82	175.71	180.85	204.12	146.60	231.75
Switzerland (58)	87.78	+0.1	79.94	76.98	82.68	85.03	−0.7	2.28	87.68	80.44	76.68	83.27	85.62	100.67	82.17	108.90
United Kingdom (240)	160.20	+0.0	145.89	140.49	150.86	145.88	−0.7	5.03	160.14	146.92	140.04	152.08	146.92	187.44	156.27	170.66
USA (536)	152.87	+1.0	139.22	134.08	143.98	152.87	+1.0	3.16	151.34	138.84	132.35	143.72	151.34	158.24	125.95	145.35
Europe (838)	128.79	+0.1	117.29	112.96	121.30	119.71	−0.7	3.98	128.67	118.05	112.53	122.19	120.50	151.52	125.50	153.17
Nordic (111)	179.29	+0.3	163.27	157.25	168.85	165.74	−0.3	1.98	178.71	163.95	156.29	169.70	166.29	200.81	155.55	214.17
Pacific Basin (718)	123.50	−2.8	112.47	108.32	116.31	108.77	−2.6	1.17	127.12	116.62	111.17	120.71	111.68	145.92	117.86	149.07
Euro – Pacific (1556)	125.91	−1.7	114.66	110.42	118.57	113.86	−1.8	2.31	128.08	117.48	111.98	121.59	115.97	147.68	121.29	151.14
North America (641)	151.90	+1.0	138.33	133.24	143.08	150.31	+1.0	3.17	150.45	138.03	131.59	142.89	148.88	157.04	125.91	144.80
Europe Ex. UK (598)	109.85	+0.1	100.04	96.36	103.48	104.49	−0.6	3.21	109.70	100.64	95.95	104.19	105.14	129.80	106.85	141.14
Pacific Ex. Japan (244)	141.38	−0.4	128.76	124.02	133.17	127.28	−0.6	4.58	142.00	130.27	124.20	134.85	127.98	145.66	111.40	143.93
World Ex. US (1748)	128.08	−1.6	116.64	112.35	120.63	115.96	−1.7	2.38	130.11	119.37	113.80	123.56	117.38	148.16	122.32	151.16
World Ex. UK (2034)	133.10	−0.7	121.21	116.75	125.37	125.21	−0.7	2.41	133.99	122.93	117.19	127.25	126.08	145.77	120.06	145.76
World Ex. So. Af. (2213)	134.78	−0.6	122.74	118.22	126.95	126.76	−0.7	2.66	135.62	124.42	118.61	128.79	127.68	148.68	122.92	147.78
World Ex. Japan (1800)	144.08	+0.6	131.21	126.37	135.71	138.44	+0.3	3.51	143.25	131.42	125.26	136.05	138.01	152.83	126.69	148.67
The World Index (2274)	135.43	−0.8	123.38	118.83	127.61	127.16	−0.7	2.67	136.30	125.04	119.20	129.43	128.06	149.01	123.28	147.96

Constituent change with effect 10/7/91: Deletion: Bundaberg Sugar (Australia). Latest prices were unavailable for this edition.